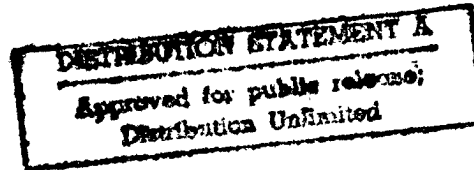


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JPRS-EEI-84-060

24 May 1984



East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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24 May 1984

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PROCEEDINGS AT NATIONAL CONFERENCE ON QUALITY OF PRODUCTION

Speech of Petur Mezhdurechki

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 p 4

[Statement by Comrade Petur Mezhdurechki, chairman of executive committee of Capital City People's Council, on 22 March 1984 at National Party Conference in Sofia]

[Text] "We have just heard with extreme interest the opening address of the general secretary of the BCP Central Committee, Comrade Todor Zhivkov. We regard this address as a new awe-inspiring peak in the tremendous theoretical and practical work that found expression in the decisions of the 12th Party Congress and in the rich creative career of our foremost party and state leader," Comrade Petur Mezhdurechki began his statement. "The Sofia workers and the Sofia city party organization have come to the National Party Conference firmly united and solidly behind the great invigorating April cause and report concrete results."

The speaker went on to talk about expanded wide-scale political, organizational and economic activity. "During the state and public survey of product quality Sofia workers made over 45,000 suggestions. Proof was given of the new atmosphere evolving and the reorientation initiated in thought and deeds. But all this is only a beginning. Worry and concern over quality still are not an essential feature of work at all levels or of all personnel.

"The first problem is further progressive changes in the structure of the capital city's economy. Efforts are directed towards the establishment of the most rational proportions in the development of the individual sectors in the city and towards the priority channeling of investment into the development of structure-determining production processes. Improvement of sectorial and intra-sectorial production structure is combined with the further intensification of the territorial concentration and specialization of production on the basis of the multiplication approach. However, realization of the goals of concentration and specialization of territorial-production complexes still does not meet with understanding by some ministries and economic organizations.

"The second problem is the quality of the subjective factor," the speaker pointed out. "Therefore we are working tirelessly to educate the new socialist

personality, ideologically convinced, highly trained, capable of thinking and acting creatively. The capital city educational system is successfully solving the most important problems of the new unified secondary polytechnical school. The best and most talented young people of proven worth are successfully scouted by launching the Banner of Peace Movement, through the University Student Association which is established and already successfully in operation, and through expanding experimental activity to link together the school and artistic culture.

"The third question is the quality of the living environment and social infrastructure as an important factor in creative human development and realization and in the improvement of quality everywhere and in everything. In all this diverse activity we are guided by the great goal and objective of turning Sofia into a model socialist capital.

"There is no greater task now than that of harnessing mind and will, all creative and constructive energies, in order to translate into reality the draft plans of the National Party Conference," Comrade Petur Mezhdurechki said in conclusion.

Views of Dimitur Popov

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 p 4

[Statement by Comrade Dimitur Popov, first secretary of BCP Okrug Committee in Varna, on 22 March 1984 at National Party Conference in Sofia]

[Text] "Comrade Todor Zhivkov's opening address and the Long-Term Party Program for Quality Improvement are documents of exceptional significance for the further building of a developed socialist society, a new manifestation of the creative character of our party's April general line," the speaker pointed out. "They are a continuation and further development of the decisions of the 12th Party Congress and of the ideas and approaches developed in Comrade Todor Zhivkov's lectures.

"As hosts of the Varna National Conference on Quality, we feel our responsibility to report to the conference on our approach to the solution of this key problem and on certain practical results."

Comrade Dimitur Popov pointed out circumstances making it especially urgent for Varna Okrug to overcome the discrepancy between a large material and technical base and its efficient use, viz.: the major scientific and production concentrations of great significance for the national economic complex; the scientific and technical potential, significant not only on an okrug, but also on a nationwide scale; the large numbers of workers and employees with long-standing traditions employed here; the fact that the okrug represents to millions of visitors to the country the successes and gains of real socialism, of our socialist realities.

"The okrug party committee and the entire okrug party organization," Comrade Dimitur Popov stressed, "enriched and girded with the theses formulated by

Comrade Todor Zhiykov at the Varna Conference, focused their attention on the application of a comprehensive approach to quality problems.

"A number of useful initiatives sprang up among the labor collectives. A 'Territory with Guaranteed Quality' movement was launched, which already 175 collectives have joined. In honor of the National Party Conference the crews of the Soviet and Bulgarian ferryboats have even declared the Varna-Il'ichevsk Friendship Ferryboat Line to be a 'Territory with Guaranteed Quality.'

"The Varna diesel-makers have assumed the commitment as collective guarantor for the socialist management of material resources, for an increase in output and for marked improvement of product quality. The example of Dobra Pomakova's brigade from the Electric Household Appliances Combine and of the technological crew of the well-known Varna housebuilder Stoyan Zhelyazkov in lengthening product warranty period has been followed by all the labor collectives of these, and a number of other enterprises.

"On the eve of the National Party Conference over 24 percent of the certified output in the okrug has a high quality rating. The labor collectives of Varna Okrug assumed the commitment to bring out 67 new products of the highest quality standard. This figure has already been surpassed."

Comrade Dimitur Popov dwelt in detail also on the capacities and factors not used to raise the technical and economic level of output and product competitiveness, on the lack of ability to make best use of the existing supplies-and-materials and personnel factors, on the accelerated and continuing technical and technological reequipping of production, on the insufficient degree of full automation and mechanization etc.

Statement by Denka Petrova

Sofia RABOTNICHESKA DELO in Bulgarian 23 Mar 84 p 4

[Statement by Comrade Denka Petrova, director of Petko Enev Plant in Nova Zagora, on 22 March 1984 at National Party Conference in Sofia]

[Text] "I am a representative of the workers and employees of the Petko Enev Textile Plant," said Comrade Denka Petrova. "At present 84.5 percent of our threads and 91.2 percent of our fabrics are of first quality. We have also cut our substandard output by 15 percentage points.

"Towards what are the efforts of the plant party organization, of the management and the entire plant work force now directed? First and foremost, towards the introduction of technical progress. We have vigorously undertaken to eliminate the 'bottlenecks' that are involved not only in working conditions, but chiefly in an elevation of labor productivity and in a rise in the technical and economic level and the quality of output and production. We have completed preparations and the task ahead is implementation of the plan to cut down manual operations. We have made a start at electronization and robotization of certain activities and processes. But the bureaucratic path we have to travel in order

to prove the obvious efficiency of this activity is still very long and rocky, apparently."

Attention was given in the statement to the necessity of intensifying scientific services, especially in the study of consumer demand. It was pointed out that the economic approach and its mechanism must be the basis of quality-improvement work. "For us at the plant," Comrade Denka Petrova said, "application of the economic mechanism at the local echelons--brigades--and the introduction of brigade organization of labor based on brigade profit-and-loss accounting are of decisive significance. Practical experience and the results we have had show that what is necessary for work to be efficient is that brigade strength should be optimal in relation to the character of the production process; that we should provide the necessary machinery, equipment, raw materials and all other prerequisites for normal brigade operation; that we should specify still more precisely and clearly what quantity and quality we want the brigade to produce under the leadership of its brigadier; that we should refine the indicators which the brigade can affect, as well as what each brigade member will receive on the basis of his personal contribution. And, quite rightly in my opinion, the opening address and the draft of the Long-Term Program gave special attention to the role of brigades." Comrade Denka Petrova went on to emphasize the price difference between first, second and third product quality which now provides the brigade collective no incentive in the campaign for higher quality.

"We of the plant's party and economic leadership," she continued, "are more and more convinced that only a 'quality' collective can guarantee stable and high product quality. Apart from the care we take with new machinery, technologies and raw materials, we must also take care with the training of workers and employees and with refresher courses for them." Finally she assured the National Party Conference that the communists and all the workers at the Petko Enev Plant would greet the 40th anniversary of the socialist revolution with worthy deeds.

Speech by Ivan Panev

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 p 4

[Statement by Comrade Ivan Panev, first secretary of BCP Okrug Committee in Plovdiv, on 22 March 1984 at the National Party Conference in Sofia]

[Text] "We delegates from Plovdiv Okrug listened to Comrade Todor Zhivkov's opening address with great attention and interest," the speaker pointed out. "Imbued with profound insight regarding the needs of social development, the address and the Long-Term Party Program are a long-range foundation for a modern and comprehensive approach to the solution of quality problems.

"We have come to the National Party Conference with clarified positions and work programs and with the first concrete results. Last year the indicators for 144 products were raised, the percentage of claims was reduced, and the current okrug program is being fulfilled, 12.2 percent of output with a 'K' rating and 41.9 percent with a '1' rating.

"But the communists and working people of the okrug do not feel completely satisfied with what has been achieved because the goal is much higher. We must make a sharp change and solve the most acute production question, that of converting science into an immediate productive force.

"Full realization of the scientific and technical revolution is the main principle in the further building of developed socialism. Thoroughgoing improvement of product quality requires wide-scale introduction of the fundamentally new achievements of modern scientific and technical progress."

Comrade Ivan Panev continued, dwelling on certain basic focuses of work in the okrug to raise product quality. "The okrug has also made a start on new production processes--scientific instrument manufacture, production of automated lines and manipulators, production process lasers and laser devices. The startup is under way of photo- and magnetosensitive sensors and transducers, of power electronics products and new semiconductor materials produced on the basis of advanced technologies and our own sources and raw materials. Work is proceeding much more actively on the development of biotechnologies.

"For substantial improvement of the quality of agricultural output the okrug has devised a qualitatively new system of farming which includes the introduction of intensive crop rotation in order to obtain two or three harvests annually, rational systems of soil tillage, and technologies for accelerating photosynthesis and the uptake of free nitrogen during the raising of crops.

"Coping with a whole package of new and complex problems necessitates further heightening of the okrug party organization's guiding role as chief political guarantor of profound quality changes in all spheres of life," the speaker continued. "Of decisive significance for bringing about this condition is the primary party organization which, as part of the labor collective and simultaneously part of the party in the labor collective, is the political force that strives for the practical realization of party policy. We can say that the communists have taken the lead in the reorientation process and in the campaign for a drastic change in quality."

Comments of Stoil Ferdov

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 p 4

[Statement by Comrade Stoil Ferdov, deputy minister of transportation and general director of Bulgarian State Railways Economic Trust, on 22 March 1984 at National Party Conference in Sofia]

[Text] "Incorporated in the foundations of the Long-Term Program for Quality Improvement are the rejuvenating April spirit and the innovative dash of our party," Comrade Stoil Ferdov began his statement. "Transportation workers have a reputation for their tradition of working tirelessly and steadily for the implementation of every great and good idea. That is the way we shall work now, too.

"The main and immediate task for us is to finish up the reconstruction of the national transportation system. Great possibilities are also being discovered for improvement of the organization of labor. The introduction of 'shift runs' [smenna ezda], zone servicing, longer locomotive runs and longer runs between overhauls create preconditions for an appreciable increase in the productivity of rolling stock and for approximately doubling the carrying capacity of our railroads. These are the most general outlines of a great undertaking. We realize that every loss of time does harm to the national economy. Therefore I suggest that our ministry and the State Planning Committee jointly work out a special program to be backed up with resources and comprehensively (I stress 'comprehensively' expressly) to solve the problems.

"The second extremely important problem for us is how to utilize the available material and technical base," the speaker emphasized. "Our activity is aimed at improving labor discipline and organization and at raising the quality of rail service.

"In 1983 there was an increase in the domestic freight carried. However, rail transportation did not fulfill the targeted volumes, for a large part of the increase was attributable to motor transportation, while departmental motor transportation took the lion's share. There would be nothing bad about that if motor transportation were cheaper and more efficient for our economy.

"In our country we are definitely extravagant with labor resources, too; a very great deal of live labor is wasted. I have in mind the labor-intensive-ness of transportation output, especially in the carriage of bulk freight," Comrade Stoil Ferdov said. "For example, some economic executives try to explain the existing situation with the theory that departmental transportation is 'technologically efficient.' What does 'technologically efficient' transportation mean? Criss-crossing all Bulgaria unmonitored and spending valuable fuel! Optimization must begin as early as the assignment of state tasks with the setting of liquid fuel ceilings.

"The third problem is how to fulfill the task assigned us of mechanizing and automating rail transportation. It is especially important that we automate the processes of train traffic control. I want to report to the National Party Conference that we have put into regular operation the first automated shunting yard at Gorna Oryakhovitsa; construction of the Sofia-Plovdiv model section has begun.

"Transportation workers are people constantly on the go, on labor watch day and night," said Comrade Stoil Ferdov in conclusion. "Now that our party is giving us a green semaphore and is laying out our route for years to come, I give you my word we will not default on our obligation."

Statement by Ivan Nikolov

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 p 4

[Statement by Comrade Ivan Nikolov, chief director of Friedrich Engels Machine-Building Combine in Kazanluk, on 22 March 1984 at National Party Conference in Sofia]

[Text] "The machine builders of the Friedrich Engels Combine clearly sense the strong effect of the BCP's Leninist April general line," the speaker said. "We are greatly helped by the get-ahead dynamic character, and the glimpse of the future, of the party decisions.

"The combine's development during the first 3 years of the 5-year plan was successful; there was an increase in net output (1.5-fold), commodity output and exports. Nearly 90 percent of the growth of net output was due to the increased social productivity of labor. At the same time, analysis of the activity by the Varna Conference criteria shows a number of deficiencies.

"During the course of the survey," the speaker went on to point out, "our goal was to bring the party theses to everybody's attention and to create conditions for everybody to become aware of the economic problems of quality and their political importance. After the survey, the Long-Term Program for the Improvement of Product Quality was adopted. The heart of this program is to create by the end of 1985 the organizational and technical prerequisites for achieving an average world level of product quality. Its ultimate goal is to proceed during the Ninth 5-Year Plan to the creation of high-efficiency machinery with numerical program control and to the incorporation thereof in flexible automated production systems not only for our own needs but also for the needs of other plants."

As the speaker pointed out, "The character of, and the high specifications set for, the output of the combine are a precondition for high quality. The efforts of the development and manufacturing teams, in whose hands the quality problem chiefly lies, are concentrated on the updating of output and technologies. This very year there has been a sharp increase in the production of high-efficiency numerically controlled milling machines. We have begun regular production of machine centers. Achievement of these and other targets will result in complete updating of the combine's output by the end of 1985.

"To guarantee quality, beginning in 1984 we have introduced differential payment for completed work according to the quality of completed parts and assemblies. In this connection the internal regulations for the organization of wages have been changed and supplemented."

The speaker went on to point out that "Stara Zagora Okrug has accumulated certain experience in territorial integration that creates especially favorable opportunities for raising quality and for producing and introducing flexible automated production systems into discrete production processes. To translate these favorable opportunities into reality, the active assistance of the economic and state agencies concerned is needed."

Views of Aleksandur Petkov

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 p 4

[Statement by Comrade Aleksandur Petkov, chairman of Executive Committee of Central Council of National Agroindustrial Union, on 22 March 1984 at National Party Conference in Sofia]

[Text] "As is known, the National Agroindustrial Union accounts for an important share of our country's economy. Attributable to it are nearly one-fourth of the national income and foreign-exchange receipts and over 40 percent of the marketable commodities.

"Significant growth has been achieved in the main strategic directions approved by the 12th Party Congress--grain production and animal husbandry, grain production having increased by over 15 percent while animal-husbandry output has increased by more than 10 percent.

"The market is better supplied with foodstuffs. The government-approved public nutrition standards have been attained. The plan for exports to the socialist countries has been fulfilled. The payments to the Budget and to the Bulgarian National Bank targeted by the plan have been made.

"These, however, are only first steps. On the whole, product quality in agriculture and the food industry does not measure up to either the increased needs of the domestic market or to the ever higher requirements of the foreign market.

"To change this situation," the speaker went on to emphasize, "energetic measures are being taken to accelerate the introduction of scientific and technical achievements into agriculture and the food, wine and tobacco industries. Along these lines, evaluations have been made of the present status, and concrete measures taken to improve the structure of and speedily update varieties and breeds.

"Considerable efforts are also being made to introduce new intensive technologies, by means of which the average yields of large tracts will be increased. The peak scientific and technical achievements and advanced technologies for the production of dessert grapes, for the automated production of vegetable seedlings and flowers, for embryo transplants etc. will be urgently introduced. A wide-scale program will also be implemented in the food, wine and tobacco industries.

"Energetic measures will be undertaken to profit from the potentialities of the economic approach and the brigade organization of labor, and to link them directly with product quality. Also the piece-rate system will be employed as a very important link in the economic mechanism. Personal interest in a high-quality product will be heightened by a more flexible system of purchase prices.

"While expressing once more our firm support of the measures proposed in the Long-Term Program for Quality Improvement," Comrade Petkov emphasized in conclusion, "I want to assure the delegates to the National Party Conference and the BCP Central Committee that the key personnel and labor collectives of the NAPS [National Agroindustrial Union] system will toil still more selflessly for fulfillment of the decisions on the improvement of production quality and efficiency and for further successful building of a developed socialist society in our cherished homeland--the Bulgarian People's Republic."

Comments of Petur Dyulgerov

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 pp 4, 5

[Statement by Comrade Petur Dyulgerov, candidate member of the Political Bureau of the BCP Central Committee and chairman of the Central Council of Bulgarian Trade Unions, on 22 March 1984 at National Party Conference in Sofia]

[Text] "The foundation on which we rely in discussing the problem of quality is a strong one: it is the strategy established by the 12th Party Congress; it is Comrade Todor Zhivkov's formulations since the congress making profound changes not only in our concepts of mature socialism, but also in the ways and means of building it," Comrade Petur Dyulgerov pointed out. Declaring that today's discussion was initiated at the Varna Conference by the policy speech of our first party and state leader which will serve in future as well as a guide to action, he proposed that it be approved as a document of the National Party Conference.

The speaker went on to discuss the practical work of trade unions in transforming labor collectives into genuine masters of socialist property and outlined some of the problems encountered along those lines. "A number of rights which are inherent in day-to-day administration of production and would best be exercised by the labor collective itself, i.e. by the master, are still in the hands of the owner and the owner's representatives. There are a great many levels of governing bodies above the owner now that dispose of all questions. But the labor collective must have a mechanism for exerting influence and control from below so that the enterprise's superior governing bodies will not lose touch with it but will help it.

"Trade unions have a great and important role to play in elevating the role of the collectives and in winning recognition for the new-type brigades as strong economic-and-production and social units. In this sense the need for changes in their own activity as well has grown. Existing trade-union structures and traditional ways of management are already unsuitable under the new conditions. That is why serious restructuring of the entire trade-union system is in the making so that it will serve the processes which take place in and through the labor collective for the accomplishment of the latter's new social role.

"High product quality," Comrade Petur Dyulgerov emphasized, "is impossible without high quality of the individual, of the working man, of the social environment in which he works and lives. Looking from this angle, we will see how many things we have to change. What I am talking about is the large and complex package of problems involving personnel training, their working, living and recreational conditions, their education, culture, etc.

"The first question is realizing the necessity of personnel training and qualifications, of the complete utilization of the intellectual potential of scientists and specialists, of insuring, maintaining and restoring personnel's fitness for work. The human being is the end and production is the means, and we have neither reason nor right to change their places. From this aspect we must take a new look at working conditions, an area traditionally important for trade

unions. There are many failures on this score and these have been repeatedly mentioned.

"Trade unions," Comrade Petur Dyulgerov declared, "deserve serious criticism for their criteria and exactions which are too low and for the fact that they continue to be a slave to the antiquated formula, 'Today better than yesterday.' In the light of the great problem of labor and product quality, compromises on labor conditions are becoming intolerable. We need a fundamentally new formulation of the question--it is not man who must adapt to technology and the work environment, but the other way around: machinery and technology must be wholly adapted to the needs of the modern individual for meaningful, high-quality and creative labor.

"In solving the key problem of our development Bulgarian trade unions will be the party's staunch mainstay and an active and direct organizer of the working people's efforts for a sharp rise in labor and product quality."

Statement by Nikola Todoriev

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 p 5

[Statement by Comrade Nikola Todoriev, chairman of State Committee on Science and Technical Progress, on 22 March 1984 at National Party Conference in Sofia]

[Text] Pointing out that the doers in science and technical progress had followed with special interest the exceptionally pithy opening address of the general secretary of the BCP Central Committee, Todor Zhivkov, the speaker emphasized that, among the other factors shaping product quality, the introduction of the achievements of scientific and technical progress unquestionably has a central place. That is why our entire science policy must now be subordinated to the campaign for high quality. He then spoke about the problems on which the DKNTP [State Committee on Science and Technical Progress] and our entire scientific front must focus their work.

The shaping of technical level and quality begins as early as the formulation of technical and economic targets. Figuratively speaking, the target represents a technical-and-economic and quality silhouette of the future product. Unfortunately, in many cases now this is done perfunctorily and often indicators which are too low are incorporated. Therefore it is imperative that we reorganize the expert estimates of the technical and economic targets.

In this connection the question of criteria arises first and foremost. The party conference documents set very high criteria. The point at issue is introducing the peak scientific and technical achievements and making a leap in elevating quality level, the social productivity of labor, and the efficient use of raw-material and energy resources.

Comrade Nikola Todoriev further dwelt on the very important question of product reliability, which is underrated, on the regulatory function of standardization documents, and stressed the great significance of quality monitoring and metrological backup, as well as of comprehensive systems of quality control.

"As is known," the speaker said, "party strategy in the area of scientific and technical progress has been subordinated to the current intensive model for the development of the economy. This has given rise to the necessity of serious improvements in the organization and administration of the scientific front, as borne out by Comrade Todor Zhivkov in his lectures to audiences and teachers at AONSU [Academy of Social Sciences and Social Management], to the January (1984) plenum of the Central Committee, and in his address today.

"The new tasks facing science in its capacity as a productive force that the party is assigning during the stage of the building of mature socialism and the new criteria for product quality make it imperative that we introduce a technology for the administration of scientific and technical progress that will guarantee the fullest utilization of the potentialities of the science resource in keeping with the needs and potentialities at this stage of our development."

In conclusion the speaker assured the party forum that the workers in science and technical progress would not spare their skills, energies or experience to implement the decisions that are taken.

Discussion of Mikhail Maleev

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 p 5

[Statement by Comrade Mikhail Maleev, director of the Institute of Applied Mineralogy of the Bulgarian Academy of Sciences, on 22 March 1984 at National Party Conference in Sofia]

[Text] "The campaign for high quality begins, as Comrade Todor Zhivkov stressed at the Varna Conference, with the production of raw materials and runs through all subsequent echelons. Here I should like to consider the question of the genetic reserves of mineral raw materials, the discovery and utilization of which, among the totality of conditions and factors at the present stage, are of paramount importance for the achievement of high product quality.

"The genetic reserves of any mineral raw material are its specific characteristics inbuilt by nature. Discovery of these reserves involves fundamental research revealing the conditions for formation of minerals and the relation with their real structure and properties; it involves also the establishment of relations between the fundamental genetic and structural parameters of minerals and their technological properties.

"The considerable funds and efforts required to discover the genetic reserves of Bulgarian mineral raw materials would be justified," he said, "provided that the country has proved reserves of sufficiently promising mineral raw materials and provided that their intensive development is economically efficient.

"Especially large and unused reserves for intensive development conceal the genetic properties of these mineral raw materials which are a natural analogue of the materials. Nor is a lesser role played by the raw materials from which new materials are obtained."

Comrade Mikhail Maleev spoke about the practical problems of the institute as well as the first practical results of systematic research, about the discovery and use of the genetic reserves of all the country's mineral raw materials, about the areas of fundamental research included in the program. He then pointed out that during the transition to the intensive development of mineral resources, the most striking manifestation of which is the mineralogical policy, a number of difficulties and discrepancies arise. First and foremost, there are no differentiated standards corresponding to the genetic potentialities of every raw material. And linked with this besides is the discrepancy between the price of the raw material and its real consumer value. There is still no effective mechanism capable of stimulating needs of new materials or nontraditional types of mineral raw materials. Higher education at present is not training specialized personnel.

In conclusion the speaker emphasized that in the battle to raise product quality, genetic reserves of mineral raw materials must become our reliable support. The discovery and development thereof and the creation of new materials on this basis will make it possible to develop new branches of industry (optical instrument making, fine chemicals, jewelry, new-materials industry) on the foundation of minerals and rocks that have been known for many years.

Statement by Khristo Khristov

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 p 5

[Statement by Comrade Khristo Khristov, minister of foreign trade, on 22 March 1984 at National Party Conference in Sofia]

[Text] "In its dynamics and proportions, the structure of our trade is in a full sense the structure of a country with rapidly developing industry and a pronounced export trend. It attests to the capacities that have been constructed and the personnel potential that has been formed in keeping with the most modern trends in world economics," Comrade Khristo Khristov pointed out at the beginning of his statement.

He continued by emphasizing that "the time when the price at which goods were offered was determinative for entry into and retention of international markets is now past history. Today this role is played by the quality of goods. It has become the key to the solution of market problems and a synonym for the competitiveness of goods. Anybody who falls behind in quality today loses markets.

"In many places our position is threatened because of a real lag in the quality of individual products in comparison with the quality our competitors have achieved. For this reason, quite a few commodities are hard to sell or are sold at a loss.

"The draft of the Long-Term Party Program for Quality Improvement is entirely in accord with our country's urgent needs and is entirely in line with world trends in this area. It has the marks of innovation, farsightedness and boldness--characteristic qualities of our party, and measures up to Comrade Todor

Zhiykov's theoretical formulations since the historic 12th BCP Congress," Comrade Khristo Khristov said. "Therefore I fully approve and support the draft Long-Term Party Program for Quality Improvement and believe that it will mark the beginning of our country's further successful development on the way to the building of a developed socialist society."

The minister of foreign trade emphasized that "the pace at which our export output is being updated is slow, something which under the changed conditions in the international markets will not guarantee our retention of the positions we have won, still less their expansion."

"The reliability of our production must be decisively improved," Comrade Khristo Khristov said. "Two basic aspects associated with this problem emerge here: world experience shows that the developed countries pay special attention to the lengthening of warranty periods and to the provision of fault-free and timely service and a supply of spare parts."

"We do not visualize the solution of these problems without further single-minded work to improve the economic mechanism. The point at issue is to bring to an end production's clash with the market."

The speaker further dwelt on the importance which attaches to our country's specialization within the CEMA framework and to cooperation with the nonsocialist countries and on the decisive importance of integration processes with the Soviet Union.

"In the light of the decisions of the National Party Conference, the functions of the foreign trade organizations must be changed substantially. First and foremost, they must reorganize their work so as to become agencies of the producer plants."

"The Ministry of Foreign Trade must intensify its participation in shaping the national structure; it must be freed from extraneous activities and must intensify its work to coordinate national resources with, and channel them to, countries and regions where favorable business conditions for our country have been created."

Speech by Aleksandur Karaivanov

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 pp 5, 6

[Statement by Comrade Aleksandur Karaivanov, director of Dobrudzha Wheat and Sunflower Institute in the city of General Toshevo, on 22 March 1984 at National Party Conference in Sofia]

[Text] "Our country has made remarkable progress in wheat production in recent years when the 400-kg barrier was passed to achieve a record yield of 463 kg per decare in 1982. This yield put Bulgaria for the first time in eighth place in the world. The institute staff is proud of this progress because through their achievements they have rendered services, too. The new wheat varieties created during the past 10-15 years differ radically from the old ones in a complex of biological and economic qualities. There is no year when Bulgarian

varieties have not ranked high in world testing and in testing within CEMA. Bulgarian wheats have rated highly in our practical experience, too. They already account for 74 percent of the land under cultivation, and together with the varieties of the Institute for Introduction and Plant Resources in the city of Sadovo they provide over 95 percent of the bread grains.

"What has been achieved cannot, however, be regarded as the ultimate. Examining our work critically after the public quality survey and after the Varna Conference, we adopted a new program which raised selection to a qualitatively new level. We set ourselves the goal of raising the productive potential in the next few years to 1200-1300 kg per decare through further improvement of the wheat plant. Special attention in the program has been turned to grain quality. Our main efforts have been directed towards the creation of intensive varieties of wheat with high bread-making qualities. And on this score the results are very encouraging. For example, the new Pliska and Yantur varieties, which rank first in productivity, have many good bread-making qualities and require no enhancers to produce high-quality bread."

Comrade Al. Karaivanov went on to emphasize that "for 2-3 years selection work on beans has been redirected towards the creation of varieties of a new type, suitable for harvesting directly by combine. The institute is aware of the weaknesses that have occurred in selection and seed production and is taking necessary measures along these lines." Speaking of the great role played by the intensive technologies which the institute has created for the crops for which it is responsible, he added that "the scientists are constantly at pains to update and improve them by incorporating new technical and technological solutions."

In his statement Comrade Al. Karaivanov dwelt also on applications activity. "I make so bold," he said, "to express our staff's firm conviction of the necessity for creating large interdisciplinary institutes and centers with a modern material and technical base, capable of solving even the most difficult problems in science and practice at a modern level. It is folly to have over 120 scientific teams within NAPS, in little Bulgaria."

Lastly, he assured the conference and the BCP Central Committee that the institute staff and the entire scientific front of the Agricultural Academy would toil unstintingly to implement our party's impressive draft plans.

Statement by Nikolay Zhishev

Sofia RABOTNICHESKO DELO in Bulgarian 23 Mar 84 p 6

[Statement by Comrade Nikolay Zhishev, first secretary of the BCP Okrug Committee in Burgas, on 22 March 1984 at National Party Conference in Sofia]

[Text] "The delegates from the Burgas party organization wholly approve and support the ideas, conclusions and formulations contained in Comrade Todor Zhivkov's opening address and the proposed Long-Term Party Program for Quality Improvement. They express their unqualified readiness to work steadily and selflessly for their implementation.

"The communists and all the workers of our okrug have come to the National Party Conference with a positive balance sheet of the work they have done in implementation of the decisions of the 12th BCP Congress and the tasks set by Conrade Todor Zhivkov in his reports, speeches and lectures since the congress. The positive results in the diverse activity of the okrug party organization are new proof of its high political maturity and of its ability to mobilize the communists and all workers to implement the BCP's Leninist April policy."

The speaker gave a considerable place to the attention which the BCP Okrug Committee has directed to the accelerated introduction of the achievements of scientific and technical progress and of advanced experience for the improvement of product quality.

"Our own experience," he stressed, "fully proves the necessity of expanding in every way possible the state-and-public principle in quality control. According to the experience of the Moscow city party organization, a public quality council is functioning in the okrug for the second year now."

The statement also touched upon the following problems: raising the degree of production mechanization and automation; efficiency in the use of energy and raw-materials resources; the consistent and nationwide application of the economic approach and its mechanism, profit-and-loss accounting and self-support; the question of the new-type brigade as a basic element in the campaign for a decisive improvement of product quality.

Elevation of the role of party organizations' ideological and organizational work is an active factor in the accelerated introduction of the achievements of scientific and technical progress and the improvement of quality. Nikolay Zishev considered some of the forms of activity used along these lines.

"Now more than ever," the speaker said, "our successes depend on consistent observance of the Leninist principle of the unity of ideological, organizational and economic work. That is why our BCP Okrug Committee firmly and consistently requires of party committees and organizations that they expand their contacts with workers, that they rely on the latter's initiative and progressive experience, that they display a high sense of responsibility, discipline and self-criticism, that they eliminate signs of window-dressing and red tape. We are undertaking specific measures to draw the line between the functions of party agencies and those of state and economic agencies."

In conclusion he assured the delegates to the conference that the communists and all workers of Burgas Okrug would devote mind and heart, will and daring to carrying out the party's mandate for high quality everywhere and in everything and would make theirs a real contribution to the further flowering of our socialist homeland.

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ADDITIONAL PRODUCTION QUALITY CONFERENCE PROCEEDINGS

Diary of Conference

Sofia RABOTNICHESKO DELO in Bulgarian 24 Mar 84 pp 1, 4

[Diary of National BCP Conference held in Sofia on 22 and 23 March 1984, by Dimitur Deliyski and Iliya Slavchev; passages enclosed in slantlines printed in boldface]

[Text] The National Party Conference wound up yesterday. It adopted the Long-Term Party Program for Quality Improvement.

As Comrade Todor Zhivkov pointed out in his opening address, the program is comprehensive, long-term and open and sketches the basic directions to be taken for the comprehensive solution of quality problems. It is addressed to every member of our socialist society, to the entire Bulgarian people. All of us now, wherever we are, must get down to hard and steadfast work to implement it.

This is the main mandate that the National Party Conference gave to the delegates, and through them to our entire party, to the entire nation. The conference proceeded in an exceptionally businesslike manner and in a creative analytic atmosphere and provided a high example of how to approach complex quality problems and appeal to the working class, agricultural workers and intellectuals, to party, public and state agencies and organizations to translate the Long-Term Program into concrete deeds.

At precisely 0900 hours the arrangements presidium of the National Party Conference, headed up by Comrade Todor Zhivkov, took their places. Comrade /Milko Balev/, member of the Political Bureau and secretary of the BCP Central Committee, presided over the first session. He gave the floor to the following for statements: /Stanka Shopova/, first secretary of the DKMS [Dimitrov Communist Youth Union] Central Committee; /Petur Tanchev/, secretary of the BZNS [Bulgarian National Agrarian Union]; /Trifon Pangelov/, chairman of the executive committee of the Gabrovo Okrug People's Council; and /Ognyan Doynov/, member of the Political Bureau and secretary of the BCP Central Committee, and minister of machine building.

Comrade Milko Balev reported that thousands of letters, reports and telegrams had been received from organizations, labor collectives and individual workers addressed to the National Party Conference, the Party Central Committee, and the general secretary thereof personally, as well as through the newspaper RABOTNICHESKO DELO and other mass information media. These have many ideas, suggestions and observations; they advise of concrete results in the campaign for implementation of the decisions of the 12th Party Congress and of the goals assigned by the Varna Conference. They convey cordial wishes for fruitful proceedings of our conference.

The next to make statements were /Rafet Seydaliev/, secretary of the Kurdzhali Okrug Committee of the BCP; Prof /Ivan Popov/, chairman of the Central Council of Scientific and Technical Unions; and Corresponding Member /Dimitur Shopov/, deputy chairman of the Bulgarian Academy of Sciences.

The floor was given to the chairman of the Credentials Commission /Yancho Georgiev/, who gave the commission's report. "In complete compliance with the Party Statute and in keeping with the representation norms set by the Central Committee," the report indicated, "okrug party report-and-election conferences have elected 2,963 delegates to the National Party Conference representing 892,259 party members as of 1 January 1984. The credentials of all delegates are in order.

"The report-and-election campaign was a striking new manifestation of the unity and solidarity of the party and people behind the Central Committee, headed up by Comrade Todor Zhivkov, and of their readiness to follow unswervingly the general Leninist April line on the building of a developed socialist society.

"Communists from all sectors of the national economy, from all spheres of our dynamic life are represented at the Party Conference. Most impressive is the 1460-strong contingent of delegates from the sphere of physical production, 51.2 percent of whom are workers directly employed in the production of physical goods.

"Party organizations in industry are represented by 705 delegates.

"The communists in agriculture, forestry, and the food, wine and tobacco industries are represented by 346 delegates.

"From the construction industry 131 delegates are participating.

"There are a considerable number of delegates who are economic executives--524. There are leaders with a great deal of economic and political experience and with a higher education (507 are university graduates and 66 have scientific degrees).

"The country's scientific personnel potential is widely represented at the conference by 344 delegates. Among these are 21 academicians, 21 corresponding members, 179 professors, docents and senior science associates.

"Present here also are 76 creative artists and 90 figures in national education.

"Seventy delegates are from the foreign-policy and foreign-trade systems.

"One hundred forty-five delegates are communists in executive work in public organizations.

"The group of party executives is representative. We want to note especially that 179 delegates are secretaries of primary party organizations, who because of their apostolic labor are always in the front ranks of the campaign to implement party policy.

"There are 294 delegates who are employed in state administration.

"The data regarding delegate makeup as a whole other than in respect of sectors and spheres of activity are very illustrative, too.

"Over 70.2 percent have a higher or post-secondary education; 28.1 percent are women, which is another evidence of the high value placed on their responsible social function as mothers, workers and public figures.

"Communists of all generations have got together at the conference. Two hundred eleven delegates were party members prior to 9 September 1944. Among these are such meritorious veterans of the revolutionary movement as Comrades Tsola Dragoycheva, Yordan Katrandzhiev, Sava Ganovski and Boris Bogdanov, whose length of party membership is more than 65 years. Some 301 delegates are also DKMS members, while five of them are only 20 years old.

"The average age of delegates is 46 years, the average length of party membership 20.5 years.

"Very illustrative of the image of the conference is the fact that 422 delegates have made discoveries, rationalizations and inventions; 174 have been awarded certificates and badges for their contribution in introducing scientific and technical achievements; 230 are holders of the title of 'quality worker.'

"Five hundred eight delegates have had the highest honorary titles conferred upon them: Hero of the Bulgarian People's Republic, Hero of Socialist Labor, Dimitrov Prize Laureate, and 'People's' and 'Honored' worker and creative artist.

"Some 2063 delegates have been awarded various orders and medals."

In conclusion the report noted that in its quantitative and qualitative makeup the National Party Conference was a broadly representative and highly competent party forum having all the powers deriving from the Party Statute to make decisions on the questions discussed.

After the break the session was chaired by /Comrade Todor Zhivkov/. He gave the floor to the following in order to make statements: /Lazar Prichkapov/, first secretary of the Blagoevgrad Okrug Committee of the BCP; /Bogomil Raynov/, corresponding member, professor, and first deputy chairman of the Union of Bulgarian Writers; /Evgeni Nikolov/, director of the Elprom plant at Lovech. (/We are publishing summaries of the statements separately./)

Comrade Todor Zhivkov, who presided over the session, announced that 28 delegates had made statements and a proposal had been received that the discussions be shortened. The proposal was voted upon and unanimously adopted.

The floor was given to Member of the Political Bureau of the BCP Central Committee /Grisha Filipov/, chairman of the Council of Ministers. He made a report on behalf of the conference's resolutions commission. It emphasized that the present National Party Conference was an event of tremendous significance for the further fulfillment of the Bulgarian Communist Party's historic draft plans for building a developed socialist society in our country. The conference had discussed a problem which for almost an entire year now had been the center of attention of the party, of state, economic and public agencies and organizations, of all working people—a problem which was of key significance for the dynamic and effective development of the national economy, for the fuller satisfaction of the people's continuously growing material, spiritual and social needs.

The comprehensive and thoroughgoing discussion of basic theoretical problems, approaches and integrated measures had turned the National Party Conference into an impressive forum demonstrating the unity and solidarity of the communists, of all our people behind the Party Central Committee, headed up by Comrade Todor Zhivkov.

The fruitfulness of this discussion was due primarily to the remarkable opening address of our first party and state leader, permeated from beginning to end with innovative ideas, with true political insight and singleness of purpose. This address armed the communists, the working people and all the people with a powerful weapon in the campaign for further implementation of the decisions of the 12th Congress and for realization of the general party line on the country's economic, social and spiritual progress. This estimation was unanimously expressed by all the delegates who made statements. It received full approval and unqualified support. Therefore the commission proposed that the address be approved by the conference as a document of policy significance for the total realization of party strategy on quality improvement.

"A draft of a Long-Term Party Program for Quality Improvement has been submitted for our attention. As has been emphasized in the discussion, this is a comprehensive document of exceptional significance, which sketches the basic economic, technical, technological, political and ideological directions to be taken for the integrated solution of quality problems.

"The theoretical foundation and guiding principle for the preparation and conduct of the National Party Conference and for the formulation of the Long-Term Party Program for Quality Improvement are Comrade Todor Zhivkov's speech at

the Varna Conference and his formulations since the congress, which have been synthesized and further developed in the just-published work, 'Problemi i Podkhodi za Izgrazheaneto na Zreliya Sotsializum v Narodna Republika Bulgariya' [Problems in and Approaches to the Building of Mature Socialism in the Bulgarian People's Republic]. Therefore the commission proposes that the speech to the Varna Conference likewise be approved as a document of programmatic significance for the realization of party strategy on quality enhancement.

"Concern for high quality," the report goes on to say, "is organically linked with the laws according to which socialism is built and developed. Adoption of the Long-Term Party Program on Quality Improvement is an objective necessity at this stage of the building of a developed socialist society in our country.

"All the delegates who have spoken," the report indicates, "have expressed complete approval of the proposed draft Long-Term Program. At the same time, many valuable suggestions for its improvement have been received, too. We must stress the constructive spirit and effective character of the suggestions, recommendations and critical observations that have been made.

"The commission believes that the questions which supplement, further clarify and concretize the draft program should be taken into consideration during its final redaction.

"There are a number of suggestions which are proper but need additional study and clarification. They must be referred to the appropriate competent bodies.

"The commission likewise regards it as necessary to refer those suggestions having to do with questions of a day-to-day character or not directly related to the quality problem to the appropriate ministries, executive committees of people's councils and to other state, economic and public bodies, for them to consider as soon as possible and take a position thereon. For their part, the Secretariat of the Central Committee and the government must maintain a follow-up on their prompt decision. We have every reason to believe that the Long-Term Party Program for Quality Improvement will be fulfilled."

Comrade Grisha Filipov presented the draft for the National Party Conference's decision.

The delegates unanimously approved the draft submitted for the National Party Conference's decision. (/We are publishing the decision separately. The Long-Term Party Program for Quality Improvement will be published supplementally. [Not reproduced here.]//)

The general secretary of the BCP Central Committee /Todor Zhivkov/ gave the closing address to the National Party Conference. (/We are publishing the address separately. [Not reproduced here.]//)

The delegates listened to Comrade Todor Zhivkov's address with rapt attention. It was frequently interrupted and accompanied by tempestuous, long unabating applause. The party delegates demonstrated nationwide unity and solidarity behind the Central Committee, headed up by Comrade Todor Zhivkov, and behind the

party's general April line. They evinced their readiness to transform the conference's decisions into their destiny, into their lifework, and to be organizers of all working people to implement the Long-Term Party Program. And an unshakable confidence in the success of the nationwide campaign for high quality.

Comments of Ognyan Doynov

Sofia RABOTNICHESKO DELO in Bulgarian 24 Mar 84 p 2

[Statement by Comrade Ognyan Doynov, member of Political Bureau of BCP Central Committee and minister of machine building, on 23 March 1984 at National Party Conference in Sofia; passages enclosed in slantlines printed in boldface]

[Text] Esteemed comrades, the present high party forum is in response to an urgent need in our sociopolitical development, to a vital and fundamental problem--the problem of quality. It has been convoked with the collective wit of the party to discuss comprehensively and solve lastingly this key problem at the contemporary stage of socialist construction, and--in a new way and from the perspective of new criteria--guarantee the achievement of high quality in the entire reproductive process.

It is hardly necessary to substantiate why questions of quality are an object of special attention by the party and state. Let me note only that the campaign for what is new and progressive, for qualitative changes in productive forces, in life and in labor, the campaign to elevate the working people to a qualitatively new level of material prosperity and a spiritual level in the true sense of the word, is an essential aspect and most characteristic feature of the April political course of the Bulgarian Communist Party.

And today as we solve the strategic problem for the further successful building of a mature socialist society in our country, we can judge on its merits the path we have traveled.

The grand achievement of the party's April policy in the area of the economy began with little things, economically and frugally--with people's pennies, with small workshops and manual labor. It proceeded through the great industrialization of the 1960's when the foundations of energetics, metallurgy, bulk chemicals and machine building were laid. It continued to the end of the 1960's with the development of electronics and electronic computer technology, which took on priority importance during the 1970's, to be a basic subsector and firm foundation of the national economy now in the 1980's. Robotics, optoelectronics, biotechnologies, new construction materials and especially the automation of manufacturing and administrative activities are gathering strength and speed.

To judge the achievement of the April policy and its effect on the destiny of socialism in Bulgaria, we must turn back again to the political situation and the socioeconomic development of the country on the eve of April 1956. At that time Bulgaria was still an agrarian country, industrialization was laggard, there was underemployment of labor resources. Dogmatic schemes of thinking,

voluntarism and subjectivism weighed down party policy on the building of socialism.

Even today we are sometimes amazed at the innovative boldness of the ideas which Comrade Todor Zhivkov evolves for us.

We can imagine what creative insight, what party and civil boldness were necessary in a country with a weak industry and the countryside still utterly uncollectivized to map out a policy of rapid development of the economy and to set the target of embarking upon scientific and technical progress, i.e. intensive development at a time when in actual fact a long road of extensive development of the country lay ahead! This farsightedness and insight into the future enabled us to ensure the timely priority development of the sectors that are the main sources of technical progress and to bring Bulgaria into the ranks of the advanced industrial-agrarian countries.

Today, seen against the progress we have made--from the viewpoint of the domestic needs of the socialist economy and socialist toiler and their rate of satisfaction, from the viewpoint of our participation and place in socialist economic integration and the international division of labor, the question of quality as a technological question, as an economic, social, political, ideological and educational question, arises with great force and tremendous significance.

The reasons which give a sweeping character to the problem of quality involve the laws governing the development of socialism at this stage. The development of production and of every activity must be judged no longer so much by the extent to which they have moved forward in comparison with the past, but by the extent to which they measure up to modern requirements and the achievements of the developing scientific and technical revolution, by the extent to which the material and technical base that is under construction is equal to mature socialism.

In other words, it is a matter of a profound qualitative change that sets fundamentally new requirements for our socioeconomic development during the 1980's, for all our working people, for all our social forces and factors. A change that will leave its imprint as well on the quantitative growth of all sectors and activities during the present decade and on the structural modifications which we have to effect.

That is why the question of quality arises so sweepingly, so comprehensively, as at no other time. I think we can declare with full reason that it was unrealistic to set this goal yesterday in such a light and with such criteria for our economy, for the party and all key personnel. Setting the goal tomorrow, however, will be too late. We will miss the historic moment to conquer new fields and production processes, relying on the successes we have had and profiting from the potentialities of modern scientific and technical progress. It is today, and precisely today, that the necessary conditions and preconditions have been created for a decisive change in quality.

These are, first and foremost, the material and technical base, appropriate for mature socialism, that is under construction; the expanding scientific and

technical revolution; the development of a mighty (by our scale) base for full mechanization and automation; the application of the economic approach and its mechanism; and the huge (for our country) scientific and technical potential that has been created.

They are the theoretical formulations and practical approaches developed by Comrade Todor Zhivkov, which equip the party, state and people with comprehensive concepts and enable us to carry out a realistic and scientifically grounded long-term policy in building a developed socialist society.

It is, lastly--and all the delegates and our entire public know this well, Comrade Todor Zhivkov's capacity not only to perceive what is new and decisive while still in the bud, but also, as a brilliant organizer, practical man and leader, to head up and direct the forces of the party and the energy of the people for a firsthand solution of problems.

There is no doubt that the propositions in the opening address and in the Long-Term Party Program for Quality Improvement will be adopted with great satisfaction by our entire public, will afford key personnel with an opportunity for a creative contribution and will show the capacity of the party and people to develop and enrich the experience already acquired and multiply the achievements in the national economy.

To what do we owe our confidence that the high requirements and criteria that the National Party Conference will approve will be realized in practice, as targeted? Our confidence stems from the following:

--from the growth in recent years of highly skilled specialists and managers in all areas of the material and spiritual sphere;

--from the drastic change that is emerging in electronics production, computer technology, instrument manufacture, automation facilities etc., by virtue of which in the next stage we can develop our material and technical base on a foundation of absolutely new technical and technological solutions;

--from the progress made in socialist economic integration and, more especially, in the policy that has been carried out for closer alignment in all aspects with the Union of Soviet Socialist Republics.

Our confidence stems from the development that has been achieved and from the potentialities we have in the sectors which are agents of technical progress and a real foundation for intensive development of the economy.

Which ones are they?

Let us take machine building.

--Up-to-date modular hardware has been created at the highest world standard for the control of continuous processes in chemistry, metallurgy, power supply, the food, wine and tobacco industry etc.

On this basis the automation of 120 production processes, 40 of which are intended for other countries, is targeted in the next five-year plan.

--There has been great development in the production of equipment for the automation of discrete processes, with the startup of digital program control computers, manufacturing centers, precision processing machines, robots, conveyor equipment and warehouses. The first flexible automated production processes are successfully in operation in Sofia, Stara Zagora, Gabrovo, Shumen and other cities. Dozens of sections of automated modules, machines and automated lines for the processing of machine-building parts and for the assembly of products are in service.

--The foundations of a new strategic subsector--heavy machine building--have been laid. The capacities which are under construction in Ruse, Radomir and Khaskovo, as well as the development of existing major machine-building enterprises are creating new opportunities and conditions for the production of investment equipment and package plants.

Whereas in 1980 the share of Bulgarian-made machinery and equipment intended for metallurgy, power supply, construction and industry was barely 7 percent, in 1985, or in only a 5-year period, it is targeted at 35-40 percent. Genuine prerequisites are being created for meeting 60 to 80 percent of the needs in these sector by 1990 with our own production.

--The achievements in electronics, microelectronics, laser technology etc. are significant. We have started up the production of new types of large, small and microcomputers, including personal computers, storage devices, digital program controls for metalworking machines and robots, microprocessor control systems, sets of electric drives. Preparations are under way for the production of large electric machines.

As for the chemical industry, we must emphasize that in recent years there has been a continuous growth of its role in expanding the country's raw-materials base, thus making possible a high degree of chemization of the national economy. New technological processes have been introduced for deeper petroleum refining and for the production of polymer products and synthetic fertilizers. There has been a significant expansion of the mix of fine products, reagents and dry-cleaning agents, plant protectants, new drugs and perfumes and cosmetics.

There have been solid achievements also in microbiological synthesis. As a result, the volume of production has increased and new, highly effective drugs have been started up. Construction has begun on one of the largest complexes in Europe for the production of pharmaceuticals and biologicals.

Recently an international corporation, "Biotekhnika [Biotechnology]," was set up. The setting up of a biotechnological complex that will use a great deal of standardization of equipment in the chemical, biotechnological and food, wine and tobacco industries will give exceptional impetus to the accelerated realization of a modern, exceptionally promising and efficient area of scientific and technical progress. This will doubtless enable us to satisfy domestic needs still better and more fully, as well as meet the requirements of the international markets, and that at a high level.

In the area of metallurgy there has been an expansion of production, and new makes of carbon, structural, high-strength and other high-quality steels and rolled products have been created. The product mix of heavy and light nonferrous products such as copper thin-walled tubes, copper sections, molded aluminum stock and aluminum foil has grown.

Metal structural elements which speed up the building of industrial projects several fold have come into the construction industry on a mass scale.

These are a few of the illustrative areas in which we have gained successes. At the same time we realize that we have traveled only a small part of the way we have to go if we are to master the modern achievements of the scientific and technical revolution, if we are to develop our economy still more successfully and at a still more accelerated pace.

Comrade Todor Zhivkov's opening address and the Long-Term Program outline not only the quality-related problems, but also the specific ways and means of solving them.

We must confess that despite the progress we have made there are not a few difficulties and incompletely solved questions, as well as some errors and omissions.

Permit me to focus your attention on three of these.

/The first problem is due to our serious backwardness in the production of modern manufacturing equipment./ This is one of the main reasons why we are constantly purchasing new technologies, machinery and equipment, without being able to develop and improve these technologies further. This is the wrong approach both economically and politically. The rate of innovation in technologies and equipment in the world is so high that if we continue with this same approach, we will buy what is new at ever higher prices and will always bring up the rear of technical progress. Therefore, almost every economic organization should produce a considerable portion of the specialized manufacturing equipment it needs, dedicating specialized workshops and plants to this purpose. This will enable us, on the basis of our original solutions plus purchased machinery and technology, to produce new manufacturing equipment, something which is a prerequisite for introducing advanced technologies. This will significantly cut down expenditures of the country's foreign exchange and ensure a higher rate of renewal of production capital--one of the main conditions for attaining high product quality.

This activity must be organized in close cooperation with the producers of standard assemblies and hardware so as to be able to take advantage to maximum extent of the multiplication effect of the echeloning of production.

Moreover, the potentialities of socialist economic integration must be taken into account to maximum extent and we must rely firmly on it.

/The second problem has to do with the fact that there is a discrepancy between the rate of production of computer equipment and its application in various

spheres of life./ The point is that we have made significant progress in producing computer hardware, but computers without software are deadwood. World experience shows that the same hardware we produce has become a powerful tool for accomplishing scientific and technical achievements, thanks to diverse software. Software is the bridge by which knowledge and experience are transferred from the front line of science and technology to the mass consumer. The serious gap between the production of hardware and the development of software in our country is realized by the Political Bureau of the Party Central Committee. At the initiative of Comrade Todor Zhivkov, a proposal is being studied for the development of the software industry and the creation of conditions for computer technology to come into its own in all spheres of life.

We hardly need to dwell in detail on the substance of this study. I should like to note only that it has to solve two fundamental questions. The first is training our nation, and especially the younger generation, to make wide use of computer technology in labor, in education, in everyday life.

If young people go out into life without knowledge of or practical experience in studying the microprocessor, personal computer etc., they cannot fully realize their potential and will be hurt and angry both at themselves and at society. We must train them so that they will have a full sense of self-worth and satisfaction from the realization of their potential and from showing their worth. The second question is creating conditions for the mass enlistment of young students, young specialists, scientists, everybody in the creation and development of software products, according to their capabilities and professional training.

Regular production of "Pravets-82" personal computers began this year. Next year and during the Ninth Five-Year Plan a substantial increase of this output is targeted. At the same time, preparations are under way for the production, in cooperation with the USSR, of a family of other personal computers of a high professional class having considerably greater capabilities.

I should like to illustrate the abundant potentialities that the applied programs, say, of the "Pravets-82" personal computer create. With the programs made for it, it can be used successfully in agriculture, trade, administrative work, medicine and education, for the study of foreign languages and in many other areas, including children's games and diversions.

Programs are now being devised for wide use of the computer in materials supply, in financial and bookkeeping activity, for production preparations and planning, for engineering calculations, for automatic quality control and reliability rating of products, and a number of other things, the computer thus becoming one of the basic means of automating production in the enterprises.

/The third problem./ What is alarming are the still slow pace of updating, the long periods required for product designing and the obsolete methods of designing, which adversely affect product quality and reliability.

With few exceptions we are a decade behind in design methods, in modern modes of tool making, in organizing preparations for the production process.

If we want to make a cult of quality, just as the goal of the Varna Conference is esteemed, in the next few years we must ensure the production and wide-spread use of means and systems for automating engineering work and scientific research. Moreover, we need systems that will comprise the entire cycle--from idea to production preparations, systems on which functional capabilities can be simulated and studied and on which the qualities of future products can be judged and technologies devised for producing them.

Ensuring a high rate of product updating makes it imperative to build the necessary tool capacities at an accelerated pace, using modern design systems and flexible automated production modules. This will enable us, on the one hand, to make a several-fold reduction in production time and the price of tools and products and, on the other, to respond rapidly to the changing requirements of the international market. To be sure, we are going to have to solve a number of other important problems.

These are complex and difficult goals, but they are within the powers of our specialists and square with the capabilities of our industry.

Comrades, I fully share the reasoning developed in the opening address regarding the organic link between the quality problem and the economic mechanism.

The high quality goals can be achieved if the introduction of scientific and technical progress is accompanied by an expansion of the rights and responsibilities of economic organizations and enterprises, if the mechanism of incentive and penalty improves as a function of invested labor. The correct formation and utilization of the capital in economic organizations unquestionably must be subordinated to the goal of the accelerated development and introduction of technical progress and quality.

Comrades, obviously we have reached a stage in our development which /conclusively necessitates/--in keeping with the trends of the modern scientific and technical revolution--the reorientation of our forces, means and attention towards the qualitative improvement of the tools of labor, towards the rational and efficient use of the objects of labor, towards rationalizing the organization of labor and getting the fullest value from the use of manpower. From these vantage points alone can we speedily improve the present characteristics of our production; can we convert it into high-science production; can it take on the basic features typical of modern science and technical progress; can we speedily and reliably raise its quality and efficiency; can it become sought-after, competitive and highly profitable. On this basis can we ensure a high and stable rate of economic growth.

In this connection I would like to cite a thought voiced recently by Comrade Todor Zhivkov at a meeting of the Central Committee Secretariat and the Council of Ministers that strongly affected and impressed all participants. "In final analysis," he said, "we produce, sell and purchase not simply products, but quality and quality alone." Yes, we produce, sell and purchase a thing, not for its own sake but for the sake of its consumer value. And the extent to which and the manner in which this thing, this product will be sold is determined by its quality characteristics, by the recognition which the domestic

or foreign consumer accords it. These quality characteristics are in essence an expression of the maturity and intellect of the individual producer, the labor collective and, in final analysis, of the nation. They are also the criterion determining the opportunities and the place which the Bulgarian People's Republic captures and will capture in the international division of labor. The prestige of Bulgarian products determines the prestige of the Bulgarian nation as well. This is both the great political, socioeconomic and the ideological-and-educational sense that the party gives to the campaign for high quality.

To this conception, to this noble goal, let us with faith and conviction subordinate the thoughts, the skills and the deeds of the specialists, of the working class and all the toilers. From these positions, let us translate into deeds the draft plans of the National Party Conference; let us lift high the reputation and prestige of our native Bulgarian products.

Views of Stanka Shopova

Sofia RABOTNICHESKO DELO in Bulgarian 24 Mar 84 p 2

[Statement by Comrade Stanka Shopova, first secretary of the DKMS [Dimitrov Communist Youth Union] Central Committee, on 23 March 1984 at National Party Conference in Sofia]

[Text] "The National Party Conference is an event of special significance for both the entire nation and for us Dimitrov Komsomol members. We see in the BCP's Long-Term Program for Quality Improvement, which we are discussing--taken together with Comrade Todor Zhivkov's lectures to audiences and teachers at AONSU [Academy of Social Sciences and Social Management], his speech at the Varna National Conference and his electrifying opening address--a new and striking manifestation of a consistent Leninist April party line, of fidelity to its highest goal--'Everything in the name of man, everything for the good of man.' The Dimitrov Komsomol entirely supports the draft Long-Term Program. Quality improvement in all spheres and activities will become the lifework and responsibility, the destiny of our country's rising generations.

"This understanding turns our thoughts towards the profound organic link of this document with the 1978 Letter to the DKMS Central Committee. It was in this letter that Comrade Todor Zhivkov conducted a long, frank and mobilizing conversation with the younger generation about quality, and in particular about the main issue--the quality, training, and realization of the potential of the rising generations." Comrade Stanka Shopova went on in her statement to sketch the new impetus given to youthful social creativity by the Varna National Conference.

"The progress is visible and unquestionable," she continued. "But for us it is clear that this is only favorable trends. Today we must introduce new criteria and goals into the life agenda of every boy and girl, local collective, Komsomol society and Pioneer detachment. Our main task is to reveal to every young person the ideological, political and economic, profound class sense of the campaign for high quality, to convert that campaign into understanding, conviction and motive for action, into deeds. The point is a genuine offensive along the entire front!"

In her statement she paid special attention to the campaign for high quality first and foremost as a campaign for scientific and technical progress and dwelt on the development of the all-youth initiative "Scientific and technical progress and advanced experience--an area for the boldness of youth." The speaker talked also about a number of urgent problems of young scientists, as well as problems in education, vocational training and the qualifications of young people, which are defined by the Long-Term Program as the main focus of quality improvement. "The point is a realistic perspective and value orientation of young people as creators and stewards of socialist property, a balance between rights and obligations. All this makes it imperative that we enrich and improve their intraorganizational life and elevate some features and characteristics of the work style and methods of the Komsomol committees.

"The DKMS Central Committee assures the National Party Conference," she concluded, "that we will do everything necessary to concretize and assume at once the tasks that this forum assigns, to fire up and mobilize all contingents and strata of Bulgarian youth. Our goal is what the BCP has ordered--that millions of Bulgarian boys and girls, the entire younger generation, should set foot on the heights where the party leads us."

Discussion by Petur Tanchev

Sofia RABOTNICHESKO DELO in Bulgarian 24 Mar 84 p 2

[Statement by Comrade Petur Tanchev, BZNS [Bulgarian National Agrarian Union] secretary, on 23 March 1984 at National Party Conference in Sofia]

[Text] "The administrative council of the Bulgarian National Agrarian Union has entrusted me," Comrade Petur Tanchev pointed out, "with the high commission of conveying on behalf of the members of the Agrarian Union, your faithful allies, your brothers and companions-in-arms, most cordial greetings and wishes for fruitful and successful proceedings of the National Party Conference. We, the leadership of the Agrarian Union, are present at this high forum with thoughts and sentiments engendered by the party's inspired appeal for the improvement of quality and by our common concern for the further stable development of our economy.

"Yesterday," the speaker continued, "we were all strongly impressed and profoundly affected by Comrade Todor Zhivkov's opening address. Taken together with all his formulations since the congress, it is another striking proof of the realism and insight of our first party and state leader and of his inimitable ability to approach the complex and dynamic phenomena of the country's socioeconomic development creatively and boldly, from scientific Leninist positions."

Comrade Petur Tanchev went on to discuss "the fraternal friendship between the Bulgarian Communist Party and the Bulgarian National Agrarian Union, fused by the blood of generations of fighters against fascism, fused by the vast theoretical and practical experience of both fraternal parties in the solution of the fundamental problems of our development during the years of the building of socialism and especially since the historic April plenum. And now this

friendship of ours," he emphasized, "will be one of the factors in the successful implementation of the draft plans of the National Party Conference, of the Long-Term Program for Quality Improvement."

The speaker gave an important place in his statement to the problem of product quality in the sphere of agriculture considering that 80 percent of the members of the Agrarian Union live and work in rural areas. In agriculture the application of the economic approach and its mechanism has opened up the floodgates of unsuspected energies, disclosed unutilized potentialities and delineated new perspectives. It is precisely here that the advantages of the party's new economic strategy have most rapidly come to light. "Performance of the important and complex tasks set by the Long-Term Party Program for Quality Improvement," he said, "obliges us to step up the Bulgarian National Agrarian Union's contribution to strengthening the new-type brigades, to filling them with new content." Comrade Petur Tanchev also expressed support of the strategic party line on the intensification of the food, wine and tobacco industry on the basis of advanced and fundamentally new technologies and technological solutions, introduction of biotechnologies and wide-scale implementation of full mechanization, automation and biologization of production.

"We will endeavor," the speaker said, "to make the high requirements which the Bulgarian Communist Party sets for itself, to which the January Plenum of the BCP Central Committee this year bears witness and which have permeated the proceedings of the National Party Conference from start to finish, the quality requirements likewise for the activity of every local party group and for the union leadership at all levels. We members of the Agrarian Union set ourselves the important task of participating fully--in the spirit of the good and time-tested traditions--in firmly establishing the labor collective as the actual masters of socialist property."

The speaker also expressed the unreserved support of the Agrarian Union for the consistent peace-loving policy of the Communist Party of the Soviet Union, of our party, and of other fraternal socialist countries.

"For us members of the Agrarian Union," Comrade Petur Tanchev pointed out in conclusion, "it is a source of pride and honor to participate in the proceedings of the National Party Conference, which will leave a profound trace in the socialist history of Bulgaria; we will accept the bold and grand-scale draft plans."

Statement by Trifon Pangelov

Sofia RABOTNICHESKO DELO in Bulgarian 24 Mar 84 p 2

[Statement by Comrade Trifon Pangelov, chairman of executive committee of Gabrovo Okrug People's Council, on 23 March 1984 at National Party Conference in Sofia]

[Text] "I want to express our ardent support of and complete solidarity with formulations, conclusions and goals contained in Comrade Todor Zhivkov's opening address, and with the draft of the Long-Term Party Program for Quality

Improvement," said Comrade T. Pangelov. "These two documents represent a solid theoretical, political and practical foundation for the solution of a fateful problem for us--the quality problem. The new approach to the preparation of the National Party Conference, based on the Varna Conference, has been very much to the liking of the communists and all workers of Gabrovo Okrug. A sign of this is the initiatives that have been taken and the scientific-and-technical and production problems that have been solved in the okrug.

"The okrug party organization rightly estimates that no turnabout has yet taken place in the practical work of key personnel and labor collectives on quality. Only the first effective steps have been taken. Serious deficiencies in our okrug have been subjected to criticism. We are taking concrete measures to overcome them. Managerial personnel, specialists and labor collectives are striving to master and consistently apply a comprehensive approach to the overall solution of the quality problem. We have concentrated our attention on the problem of improving the territorial system for the administration of scientific and technical progress. Favorable preconditions are present in the okrug for its solution, created as a result of the April party line."

The statement went on to emphasize that "there can be lasting success in quality only when technological, socioeconomic, ideological, political and administrative measures and means are used in harmony. The okrug is now paying much greater attention to the quality-improvement ideological and educational work which the party organizations are promoting among the labor collectives. Valuable experience has been gained at the Telpher-Building Combine and at the 'Bolshevik' and 'Burya' [Storm] plants." The speaker dwelt also on two more factors. One was the education and qualifications of workers, which the Long-Term Program defines as the main focus for quality improvement. "In the spirit of Comrade Todor Zhivkov's opening address we shall completely redefine the training of all personnel, and together with the Ministry of National Education we shall make the necessary change," he said.

"The other factor has to do with concern and responsibility for supporting the social home front in the solution of key problems. In this range of questions, mastery of a comprehensive approach to the safeguarding and improvement of public health has an important place. In the past 10 years the okrug has been a base for experimentation with a new organization and approach for the solution of health problems. Results so far, however, do not set our minds at rest. We are concerned over the low level of the birth rate and weaknesses in health services."

Lastly Comrade T. Pangelov assured the conference that the communists and workers of Gabrovo Okrug were fully ready to raise their work for quality improvement to a new level.

Comments by Rafet Seydaliev

Sofia RABOTNICHESKO DELO in Bulgarian 24 Mar 84 p 3

[Statement by Comrade Rafet Seydaliev, secretary of Kurdzhali Okrug Committee of BCP, on 23 March 1984 at National Party Conference in Sofia]

[Text] "The communists and all working people of Kurdzhali Okrug greet the National Party Conference with significant achievements in the building of socialism and with the firm resolution to implement to the utmost the draft plans of the 12th Party Congress.

"The population of our region, having adopted the party policy as our destiny, enthusiastically formed the new panorama of their life. In the first 3 years of the Eighth Five-Year Plan the profit realized by all sectors of the national economy in the okrug increased 46 percent, and the social productivity of labor 18 percent. The okrug is constantly expanding its contribution to the country's foreign-exchange balance. At the same time we are focusing our efforts, especially since Decree No. 22 of the BCP Central Committee and the Council of Ministers, on the uniform territorial distribution of productive forces in the okrug. For us this is not just economically important; in this way we successfully set up new contingents of the working class and raise their class-and-party and patriotic consciousness.

"Kurdzhali Okrug is poor in arable land. At the same time, nearly 80 percent of it is subject to intensive erosion processes. In addition, agricultural activity is frequently accompanied by climatic abnormalities. But under the conditions of a socialist society we are transforming this land into fruitful grainfields. We are achieving this through heightened technological discipline, a new attitude towards the land, and the boundless love of our working people for their native region."

Comrade Rafet Seydaliev emphasized that in the solution of the quality problem, apart from other factors, the piece-rate and bonus system, chiefly in tobacco production, is of special significance for the specific conditions of the okrug. "The results are encouraging. In comparison with the Sixth Five-Year Plan the average annual production of tobacco in the okrug increased by 2000 tons during the Seventh and by 5000 tons during the 3 years of the Eighth. The total per-decare income of all arable land now exceeds 300 leva. The agro-industrial complexes in the okrug are operating on the self-support principle for the second year now."

The speaker went on to talk about what the conurbation systems and the okrug had achieved by way of self-sufficiency in basic foodstuffs, as well as the still unused potentialities in this regard. He dwelt also on some problems involved in raising land fertility and product quality that cannot be solved by the forces of the okrug alone. "In erosion control," he said, "we have the ever greater assistance of the NAPS [National Agroindustrial Union], the Ministry of Forests and Forest Industry, the Water Conservancy State Economic Trust, and the Machine-Tractor Station and Erosion-Control State Economic

Trust. A serious problem for us and for mountain agriculture in general is still the low ratio of modern specialized machinery per worker.

"Solidly and unitedly behind the revivifying April line of the BCP Central Committee," said Comrade R. Seydaliev in conclusion, "the working people of Kurdzhali Okrug support to the full the points in Comrade Todor Zhivkov's opening address and the Long-Term Party Program for Quality Improvement and will unceasingly increase their contribution to the flourishing of our socialist fatherland."

Speech of Ivan Popov

Sofia RABOTNICHESKO DELO in Bulgarian 24 Mar 84 p 3

[Statement by Prof Ivan Popov, chairman of Central Council of Scientific and Technical Unions, on 23 March 1984 at National Party Conference in Sofia]

[Text] "Product quality has become a vitally important question. It was high time for us to address it," Prof Ivan Popov said at the beginning of his address. "Great credit for this goes to Comrade Todor Zhivkov, who raised it with all his strength.

"The main creators of quality are people--those in production, scientists, specialists, rationalizers and inventors. The Scientific and Technical Unions feel themselves committed in the highest measure to the campaign for high quality. Work along these lines has developed on a wide scale since the Varna National Conference on Quality. We have taken an active part in conducting a state-and-public survey, organizing--via the Scientific and Technical Societies--a survey of the state of automation and mechanization of production. Additional opportunities came to light and automation programs were devised which are included in the engineering plans. We have made preparation to instruct all management personnel--from general director to brigadier--in quality control.

"I want to express my great satisfaction with the draft Long-Term Program under consideration. Let me emphasize two of its merits. First, it consistently applies the comprehensive approach, i.e. it is complete and all-embracing; second, it is bold, with decisive and effective measures. The program is absolutely right to equate product quality with scientific and technical progress with its peak achievements. But the quality question cannot be solved without people. The point at issue is not so much training new highly qualified and creatively thinking personnel as it is to raise the educational level and qualifications of personnel now employed."

The next question which the speaker dwelt on in detail was product quality control. "In practice, our industry has no established system for following up the 'behavior' of a product after it is produced and sold," he emphasized. "Almost the only information comes from the alarm signals of claims, which do not give a complete picture of quality at all. Profiting from world experience, we must establish in our country, too, a system for following up the 'behavior' of every product in use, especially export products." Comrade Ivan Popov also

emphasized the importance of standards. The program very clearly says that only a product that meets at least the parameters established by the appropriate standardization and technical documentation can be considered a quality product." He spoke about planning, contracts and contract discipline, and the application of the economic mechanism.

"The National Party Conference very closely affects the Scientific and Technical Unions which unite the over 350,000 scientists, specialists, rationalizers and inventors upon whom, in maximum measure, scientific and technical progress and product quality depend," said Comrade Ivan Popov in closing. "They will join with all their energies in mobilizing creative activity for the implementation of the conference's decisions."

Statement by Dimitur Shopov

Sofia RABOTNICHESKO DELO in Bulgarian 24 Mar 84 p 3

[Statement by Comrade Dimitur Shopov, corresponding member and deputy chairman of Bulgarian Academy of Sciences, on 23 March 1984 at National Party Conference in Sofia]

[Text] "I was deeply satisfied and moved by the opening address of the general secretary of our Party Central Committee, which augmented and concretized the formulations and directives developed at the Varna Conference. Both these and the Long-Term Party Program for solution of the key problem of quality," the speaker emphasized, "will become a guide to action for the Bulgarian Academy of Sciences as well."

"Our scientific front faces two large-scale problems: single-minded development of our own scientific research and, on the basis thereof, developments which will ensure the selective competitiveness of our products and, second, organizing the full utilization of technologies and equipment under license, and in specific cases these should be further developed and intensified."

The speaker went on to point out that "the profound changes that are taking place in our knowledge of the structure of matter and of elemental processes are leading to revolutionizing solutions in manufacturing equipment and methods, to the appearance of new generations of computers, to the rapid development of microelectronics, optoelectronics, laser technology, bioinorganic and bioorganic technologies, to the creation of materials with desired properties etc. The scientific policy of the Academy of Sciences is aimed in certain promising directions: scientific instrument manufacture and means of automating manufacturing processes and scientific experiments. Fundamental research is oriented towards materials technology, energetics and computer technology, natural resources, biotechnologies, cybernetics, catalysis, robotics etc."

"Immediately after the Varna Conference, measures, including a number of specific problems, were formulated at the Bulgarian Academy of Sciences. As a result, as early as 1983 a number of problems were solved, and in 1984 over 200 problems will be studied at an accelerated pace. In 3 years of the

five-year plan the academy has introduced developments which have yielded a documented economic effect worth 208 million leva and an economic contribution worth 142 million leva more." Among the achievements that have been introduced the speaker pointed out software for the KAMAK system, a number of achievements in nuclear energy, chemical sources of current, anticorrosives etc.

"There has been headway also in cooperation between the academy and the respective ministries, institutes and trusts. This has helped eliminate some weaknesses in introducing scientific developments into practice. Considerable improvements must still be made, however, in planning scientific and developmental activity, and the necessary material prerequisites therefore must be created."

Lastly, the speaker emphasized that the scientists and specialists of the Bulgarian Academy of Sciences, the communists and nonparty members understand their responsibility to the party, the people and the state and will work with still greater conviction and persistence for implementation of the Long-Term Party Program for Quality Improvement and for strengthening of the country's economic might.

Comments of Lazar Prichkapov

Sofia RABOTNICHESKO DELO in Bulgarian 24 Mar 84 p 3

[Statement by Comrade Lazar Prichkapov, first secretary of Blagoevgrad Okrug Committee of BCP, on 23 March 1984 at National Party Conference in Sofia]

[Text] "We, delegates of Blagoevgrad Okrug," Comrade Lazar Prichkapov declared, "listened with emotion to Comrade Todor Zhivkov's profoundly reasoned, innovation-minded opening address. With satisfaction also we became acquainted with the draft of the Long-Term Program. We can now boldly say that the present National Party Conference is a new step in the development and unfolding of the April general strategy for building mature socialism. We are convinced that it will be a powerful accelerant of our development and will contribute to further enhancement of the people's prosperity."

"How urgent and timely the party call for high quality is," the speaker pointed out, "is shown by the development of our Pirin Mountain region. Here the April party line on the proportional, harmonious distribution of productive forces has shown its worth with special force. A number of decisions and decrees of the BCP Central Committee and government regarding the okrug have become powerful accelerants of its progress in all aspects. The Pirin Mountain region has turned into a new industrial area of Bulgaria with developed agriculture. Our enterprises are already recognized and sought-after producers and partners in the field of radio-engineering and telephone equipment, instruments, and automation facilities. The products of the textile, sewn-goods, shoe and manufacturing industries have an increasingly leading position in its trading list. Machine-building products rank before tobacco and tomatoes. The okrug now ranks 11th in value of export products."

The speaker went on to discuss the balance sheet with which the okrug party organization had come to the National Party Conference. "Immediately after the Varna Conference," he said, "a complete analysis was made of the status of quality; problems emerged, many questions were solved on the spot; concrete work programs up to the end of the five-year plan were formulated; about 100 new and improved technologies were introduced. Thus, by our own experience we were convinced of the great power of the new approach which the Central Committee had applied, namely, coming to the high party forum with clarified positions, with practical programs and with real changes in productive activity."

In his statement Comrade Lazar Prichkapov also dwelt on some shortcomings. "Low productivity and unsatisfactory quality in a number of cases are a consequence of lax discipline," he said. "We still have not got across the idea to some personnel that the quality problem is not solely technical and technological and that the approach to it must be comprehensive."

The speaker also outlined the conception of work on quality that the okrug party committee had worked out, based on the long-term prospects for development of the respective sectors and subsectors in the country. He also considered the role of the human factor and the responsibility of primary party organizations to seek ways and means of forming in working people a lasting interest in the great initiative.

"We are learning much from the National Party Conference and we can declare," said Comrade Lazar Prichkapov in conclusion, "that we in the Blagoevgrad party organization will readily bear our share in implementing the decisions which the conference will make."

Statement by Bogomil Raynov

Sofia RABOTNICHESKO DELO in Bulgarian 24 Mar 84 p 3

[Statement by Comrade Bogomil Raynov, corresponding member, professor and first deputy chairman of Union of Bulgarian Writers, on 23 March 1984 at National Party Conference in Sofia]

[Text] "I take the floor at this high party forum with a certain uneasiness because when fateful problems of the economy are being discussed, I shall have to talk about something like literature," Comrade Bogomil Raynov began his statement. "The problems of literature are relevant to the theme of the party conference for at least two reasons. First, as Comrade Todor Zhivkov has repeatedly pointed out, the requirements set for high quality apply with full force to the spiritual realm as well. Second, in so far as literature is one of the means for the ideological, moral and esthetic education of the people, it is precisely its task to mold individuals capable of translating the high party requirements into living deeds.

"But in literature the quality problem is quite a complex problem, which not infrequently we complicate additionally and artificially. Quality by tradition involves high artistic value and degree of professional mastery. There are,

however, differing conceptions of mastery and high artistic value. A creative work is not produced by ready-made standards. Dostoyevskiy and Tolstoy are masters in a different way. The poetics of Botev and of Debelyanov are not remotely the same.

"Let us remind ourselves of these elementary things because they are sometimes used to persuade us that in the sphere of art no generally valid criteria can be established, that here the question of quality is a dubious matter. Certain people emphasize high artistic value as the sole criterion precisely because it is a convenient screen for subjectivism.

"If the characteristics of high artistic value, according to some authors, are a dubious matter, there are other, pretty clear characteristics of quality: the presence or absence of truthfulness, correct evaluation, charm and conviction. Artistic qualities are vitally necessary. Absent such qualities, it would be downright absurd to speak of an artistic work. It is for precisely this reason that the draft program formulates the task of raising the quality of artistic works as the task of organically combining vivid communist ideological content with high professional mastery, of enriching the method of socialist realism by a diversity of individual styles.

"We well understand the full responsibility of this task. Firmly united behind the party and its revivifying April line, closely linked with the rich national traditions and inspired by the example of great Soviet literature, Bulgarian writers have every objective and subjective resource for fulfilling the party's commission with honor.

"A work of high quality is created only when it incorporates the loftiest aspirations, enthusiasms and hope of the people--the truth of our communist creed, the noble sentiments of patriotism, unquenchable faith in the triumph of our fine ideal," Comrade Bogomil Raynov pointed out.

"What holds true for all makers of goods holds true to a still greater degree for creators in the spiritual realm: the light of example which we give by our labor and deeds is our one and only chance of surviving in the memory of posterity. You cannot light the way for people, however, unless you are aglow yourself, for there is no flame without fire."

Discussion by Evgeni Nikolov

Sofia RABOTNICHESKO DELO in Bulgarian 24 Mar 84 p 3

[Statement by Comrade Evgeni Nikolov, director of Elprom Plant in Lovech, on 23 March 1984 at National Party Conference in Sofia]

[Text] "With a sense of satisfaction I report that the Elprom Plant in Lovech has grown as a major producer of power tools. Its products are in demand and have a good reception among consumers. Over 85 percent of them go for export. In respect of basic technical-and-economic and operational indicators, the products come close to, equal, and in some cases surpass those of the best producers in the world.

"The results we have achieved in quality enhancement and efficiency we owe first and foremost to the correct policy of the BCP Central Committee and to Comrade Todor Zhivkov's great personal support. The plant party organization and the economic management with the active assistance of Elprom State Economic Trust and the ministry have concentrated their main energies and attentions in several directions: accelerated introduction of highly efficient machinery and advanced technologies; maintaining parameters of products at the level of the best models of leading firms; incoming control of materials and products to be made up into sets; plant measurement laboratories; equipping of every workplace with general-purpose and special measuring tools, instruments and equipment, as well as routine tests of finished products.

"The results we have achieved," the speaker pointed out, "are also the fruit of the plant party organization's selfless work for the formation of a new socialist attitude towards labor, for a high state of organization, discipline and self-discipline, and for ever fuller realization of the potential of the individual in the labor collective. Under the leadership of the plant party committee, we have invested a great deal of effort to establish the new-type brigades, improve laboring conditions and satisfy a number of social, domestic and other needs of the collective. I hasten to declare, however, that we have not been overcome by complacency.

"The new stage in the development of our production would help consolidate the positions of the plant and country as basic producer and exporter of power tools to the socialist community. The collective is ready and hopes to receive full support so as to carry out as speedily as possible the further updating and significant increasing of capacities on the basis of the most modern technologies and organization."

The following questions requiring more efficient practical solutions were raised by the speaker for the attention of the National Party Conference: necessary substantial improvements in Bulgarian State Standards; cutting down development and introduction time of new technologies and products; mutual respect of producers and responsibility for product reliability or maintenance.

Lastly, Comrade Evgeni Nikolov expressed the profound conviction that the decisions which the National Party Conference would make would be a powerful accelerator for a genuine drastic change in the campaign to elevate the quality of labor, production and every other activity.

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WORKER DWELLS ON MISMANAGEMENT, CORRUPTION

Sofia ANTENI in Bulgarian 4 Apr 84 p 3

["Somebody Must Come to His Senses," as told by Ivanka Stoycheva, painter with the Sofstroy State Construction Company and recorded by LYubomir Davidkov]

[Text] I have worked on this job for 18 years, and I enjoy it. Before, I was a barber. But there I was tied to one place for 8 hours, whereas here I have some variety. Most of all I enjoy painting with oil paints. But there is a long way before one gets to the paint and the wallpaper....

The Housing Construction Combine first delivers the panels, which are then mounted, and we have to paint them. We are expected to do a good paint job because people pay money for it. But how are we to do this good paint job? You look at the ceilings, and they are in a lamentable state. We once again go over them with spackling compound, prime them, do some mending and then finish them.

The walls are full of holes. The corners are filled with plaster instead of cement. People complain about water leaks. In the past one used to mount the frames after the panels had arrived. This way they were saved from being dented. How many times do we change the window panes? Some are broken in transport, others during installation, and still more during the follow-up work in the apartments. What a sinful waste of money!

Sometimes we have to work on Saturday and Sunday to deliver a unit. In summer this happens frequently. We are in a hurry because we are doing piece work, and it is to our advantage to earn a few extra leva. But so much stands in our way. We have to sift the plaster because it is of poor quality and puts scratches on the ceilings. We also have to sift the Vienna white or else it clogs the machine.

Delivery of some units is overdue; one doesn't know which unit is due for delivery. Two months ago we worked on three different units in 1 week. Why? We just begin to work on the ceilings and are told to stop because this unit can wait. We go to another place, We have just started and again--stop! Who told you to come here?

Where are we supposed to work?

We waste 3 days just moving from one site to another. How many times do we submit requests for supplies and, instead of receiving them the next day, they arrive a week later. As a result we cannot work fast and, instead of completing a unit in 15 or 20 days, we sleep in the doorway for a month or longer.

If one is interested in economizing, why does one not check the painters' warehouses? After finishing a unit we sometimes leave a lot of paint behind. We are not allowed to take it to the next unit. How long would it take to come and take inventory? Never mind. Why does no one check what happens to this paint afterwards? Perhaps it goes into the trunk of somebody's car.

Our work requires strong nerves, but one must get used to this. Before I learned to paint I received a slap in the face from my husband. He gave me a pump and said, "pump." I push on the pump and am lifted by the piston. "Push," he shouted. I push but nothing happens. "What do you mean, you cannot do it," he said, "when another painter who weighs less than you can do it better?" I became stubborn and insisted I couldn't do it. He came down the ladder and slapped me across the face. After that I cried and pumped.

I cannot apply this method to the young people I train. Not that they should be addressed in a soft manner only. One can also raise one's voice to say something, but without insults and no humiliation. If you scold a young person too severely, you will startle him, and he will be unable to do anything. If he doesn't know how to do something today, he will tomorrow. There are some foremen who can only say: "You idiot, what did you do?" The young person stays for a day or two, a month, and then he tells himself that he has not come here to listen to the foreman's stupidities. So he quits.

Right now we are short of trained qualified workers. When you get young people, they work for a while, see what the situation is and leave, because in most cases they are promised housing but the administration doesn't keep its promise. They are told to "wait." But how can you retain them? They had made their calculations when they thought about working in construction.

Offer them good conditions and then make demands upon them.

We waited 10 years to be allocated housing, even though my husband and I both worked in construction. In the evening we would open the sleeper sofa and, if one of us wanted to get up during the night, we had to jump over and around the other. Yet, in the meantime so many people managed to find housing! I have an acquaintance: One of the three people occupying four rooms in a new unit, a building co-op. Each time she sees me she starts complaining about how much money they spent for their apartment. I tell her, "You should have done as I did and settle for a studio, then you wouldn't be angry." She says: "You, Vanche, at least have no trouble with children. My Valentin costs me 15 leva a day," My head starts spinning. I try to make 15 leva last for at least 3 days, and she spends them in 1 day for her son alone.

Some time ago she said to me: "Come and see our new small villa." The small villa has 120 square meters. Inside there is wood paneling and handsome furnishings, and all the time she tells me how difficult it is to make ends meet. I almost cried for her.

Some time ago we worked on a private villa. We had to repaint it four times. We painted it yellow, and the lady of the house says: "My living room furniture is lighter, it will not do. Do it in a lemon shade." We did it. "No, I don't like it." Her husband asks her: "How would you like it, Zhane?" "I don't know. I also want to buy curtains, I want something special." We scrape and do something "special." Finally she decides on a purple shade. It was so hideous one could not stay inside, but purple it was. Finally I tell them what it would cost them, and they ask why so much. Without saying so in common words I tell them that I don't like them. They paid.

When you are on a state job it sometimes appears as if you were doing a private job. Some brigade foremen are experts at working the private sector. Outwardly everything appears to be legal. For example, the owner of an apartment in a unit comes by and says he wants to have his apartment painted better and the wallpaper changed. He supplies the paint and the wallpaper. He pays the brigade foreman under the table. We do the apartment as if it were a state job but with the owner's materials.

What can you say to such a brigade foreman? After all, you are also told: "Don't covet the foreman's milk, or yours may also dry up." That's how it is, and you pretend that you don't see what's going on. Otherwise he will assign you to the most difficult job, and if you tell him anything, he will say: "My girl or my boy, if you don't like it here, pick up your things and leave!" The administration's technical manager knows only one thing: "If you are chased from the brigade, it means you don't work well." Thus you become the proverbial black sheep.

Nowadays the real thing is to be a painter's brigade foreman. He is more than a director. He doesn't even change into work clothes. He walks through the unit, checks whether his people have reported for work and disappears. He goes to organize something, but what he organizes nobody knows. If you are a friend of his you have it made. If you have to settle some business, he will let you go during the day and not deduct it from your pay. That's why people try to be on friendly terms with the brigade foreman.

Oh well, we know how to change things. But it takes time. It would be enough to get rid of these great specialists of brigade foremen with whom you cannot even have a good talk and to elect our foremen ourselves. We don't need retired brigade foremen who don't even know how to hold a trowel. Let's get younger ones! We have elected our brigade foreman, and you should see how things have improved. But those that grew fat on their jobs don't easily give up their place, and some of the chiefs support them. They say they have experience and merits. If he is experienced, let him go into production. Let's see what kind of experience he has.

Our profession is a good one, but it also gives rise to much anger. I have become used to the good and the bad. I even brought my son here to work with me during his vacation. He wants to buy a bicycle, and I told him: "Come and see how one earns one's money, then you may have a bicycle."

ECONOMIC RELATIONS WITH MEXICO EXAMINED

Sofia VUNSHNA TURGOVIYA in Bulgarian No 3, 1984 pp 10-14

[Article by Svoboda Tosheva, candidate of economic sciences: "Development of Economic Relations Between Bulgaria and Mexico"]

[Text] During the period since 1978 Mexico has been among our country's main foreign economic partners in the Latin American region. Therefore the development of our bilateral relations with Mexico and their prospects are of interest.

During the current decade a number of new factors have come into Mexico's economic development. Despite the revenues from oil exports, in 1982 Mexico had the largest foreign debts in the group of third-world states. Its economy has entered upon a crisis and unemployment has gripped half of the economically active population, while the average 12-percent inflation of the 1970-1976 period has increased 100 percent in recent years.¹

The domestic economic instability greatly hampers the fulfillment of industrial-development plans. Contributing to this also is the lowered solvency, which directly affects the country's ability to import the capital goods it needs. Given the new market conditions for energy sources and the drop in the price of oil, instead of the \$27 billion it expected in 1982, Mexico realized an income from oil exports of \$14 billion, which was not enough to service the huge foreign debts. A large portion of the newly obtained loans and credits have been granted subject to more onerous terms and reservations. Thus, for example, a \$1 billion credit has been negotiated by the United States in return for oil shipments, and a \$4 billion credit by the International Monetary Fund with the IMF requiring, in addition to the usual terms, that there be no more than a 25-percent wage increase in view of the inflation that had already reached 100 percent at the end of 1982. Another condition of the fund is that the deficit in the state sector be reduced from 16.5 to 8.5 percent of the gross national product.

The Mexican crisis, which has been very manifest since the middle of 1983, exhibits a number of complex problems and challenges in economic development. Especially urgent are the questions of limits on foreign debts, the possibilities of relying on foreign sources for the financing of economic development and the direct consequences of great dependence. Inflation, unemployment and

difficulties in raw-materials and food supply are onerous and serious problems whose solution is becoming more and more pressing. The loans and credits that have been granted to "save" the Mexican economy do not solve the country's problems but are only a short-term way out of the crisis. The actual possibilities of overcoming it lie in the further restructuring of the economy and the fullest mobilization of domestic material, financial and labor resources. It is from this aspect that the main goals in the economic program of the new president Miguel de la Madrid have been set. The basic points of his policy of "economic realism" are as follows: cutting of state expenditures, cutting down of state budgetary deficit by reform of the tax system; reexamination of the currency control mechanism in order to simplify the procurement of goods and services for industrial enterprises; a stricter approach in the selection of socially significant projects; reduction of inflation and unemployment.²

In the next few years Mexico will have to seek possibilities of stabilizing the economy, what with new conditions and the new phase of the international market when oil exports and the revenue therefrom will not have the force of an economic stimulus they had at the beginning and middle of the 1970's. This new situation will probably be reflected in the industrialization plans and programs seeking opportunities for more effective development and restructuring of industry so that national production can more fully provide for domestic needs as well as foreign-exchange receipts on the basis of nontraditional exports of finished products. Stabilization of the Mexican economy will require maximum mobilization of domestic resources and active participation in the international division of labor. Therefore the question of the prospects of Bulgarian-Mexican economic relations is closely linked not only with the present state of the Mexican economy, but also with the goals of its future development. Both the scope of the relations and the results already achieved in trade between the two countries and other forms of cooperation are of definite importance.

Unlike a number of the countries in Latin America such as Brazil, Argentina, Colombia and Peru with which our country maintains comparatively regular foreign trade relations, commercial contacts with Mexico date from 1974 when a Bulgarian diplomatic mission was opened in Mexico City. The visits of Mexican President Jose Lopez Portillo to the NRB [Bulgarian People's Republic] in May 1978 and of Comrade Todor Zhivkov to Mexico in April 1979 contributed in maximum measure to the development of economic relations between Bulgaria and Mexico. During this period a number of intergovernmental agreements, understandings and protocols were signed completely encompassing the sphere of economic and trade relations between the two countries and constituting the necessary foundation of treaty law for their development.³

A characteristic of the documents that have been signed is the detailed clarification of the subject of cooperation and the ways in which the setting up of joint enterprises, the exchange of specialists, scientific and technical information etc. are to be effected. In addition to foreign trade, cooperation in agriculture and agroindustry, mining, machine building, and the chemical and pharmaceutical industry has a place of priority. Important aspects of the signed agreements also are the granting of the most-favored-nation clause, the

maintenance of a balanced exchange of goods, and the reciprocal facilitation and fostering of participation in the exhibitions and fairs organized by the parties. The necessity also naturally arises of a body to concretize, monitor and effect the implementation of the agreements arrived at. This is the duly established Bulgarian-Mexican commission, which in its three sessions (in 1978, 1979 and 1981) discussed current questions in their bilateral relations and the main problems in their development.

A large part of these fall in the area of the trade between Bulgaria and Mexico, which holds the principal place in their bilateral cooperation. During the 1976-1982 period it was characterized by low volume (\$10 million annually)⁴ and unstable development in both exports and imports. From Mexico the NRB imported condiments, some consumer goods and mineral raw materials, and exported chemicals (soda ash and fertilizers), pharmaceuticals and machine tools. The still-unsatisfactory (in volume and structure) bilateral trade results primarily from the lack of tradition in the relations (since their development has a comparatively short history) and poor adaptability to needs in the partner's market due to ignorance of specific conditions and necessities. On the other hand, the NRB's export capabilities are still little known in the Mexican market and this, too, hampers the growth of trade and other forms of foreign economic relations.

In order to establish stabler and more intensive relations, both countries in recent years have made efforts to combine trade more closely with other forms of cooperation. Comparatively substantial results have been achieved in the area of agriculture and agroindustry with the negotiation of agroindustrial complexes and building of a canning enterprise in the state of Guerrero. Business contacts are under way between Bulgarian and Mexican firms and enterprises regarding the establishment of economic cooperation in a number of other sectors: machine building, chemical and pharmaceutical industry, mining etc. In the area of scientific and technical cooperation, contacts have been established between Bulgarian and Mexican scientific institutes, organizations and higher educational institutions as well as between the academies of sciences of both countries. The possibilities of joint studies in the fundamental and applied sciences and of wide-scale exchange of scientific and technical information have been discussed.⁵ After the original period of preparations and getting acquainted, both countries are still going to have to make protracted efforts to fulfill the signed agreements and utilize effectively all the existing objective preconditions.

On the basis of the higher degree of economic development it has attained, Mexico emerges as a country with greater possibilities of many-sided commercial, scientific and technical cooperation. From the viewpoint of providing for the needs of the planned development of the NRB's economy, cooperation with Mexico is of definite interest. Mexico is a world producer not only of oil, but also of a great number of raw materials, including those for which there are no direct synthetic substitutes. The fact that the structure of the Mexican economy is relatively differentiated and the scientific and technical potential is greater than in other developing countries makes it possible to find areas suitable for mutually advantageous cooperation and for employment of new, more flexible forms. In addition, the establishment of lasting

foreign economic relations with Mexico would also contribute to the generally more favorable development of trade and other forms of cooperation between the NRB and other Latin American states. Mexico participates in the integration processes and in the regional-cooperation projects. In Latin America Mexico is among Cuba's main foreign trading partners and in recent years has also occupied an important place in Nicaragua's foreign economic relations. On this basis possibilities are created for multilateral cooperation among the NRB, Mexico, Cuba and Nicaragua, as well as with certain other Latin American states.

Apart from the assessment of these factors which to some extent or other will stimulate further development of Bulgarian-Mexican economic relations, some features and lasting trends of the American economy which will adversely affect cooperation must be distinguished. In recent years Mexico has been one of the Latin American countries with the greatest investments. In the 1977-1980 period alone, new direct foreign capital investment amounted to \$2.25 billion, more than twice as much as in the preceding 6 years.⁶ This was so not only because the country had favorable economic conditions for foreign investments, but mainly because of the policy it pursued of establishing closer contacts with the international monopolies. At the end of the 1970's the country counted altogether 5000 enterprises with foreign capital participation, mainly in the newest and most profitable sectors (production of automobiles, electrical equipment, electrical engineering, chemical industry etc.). Foreign capital's deep penetration of the Mexican economy not only resulted in the tremendous growth of foreign debts, but also made economic development dependent on the state of business conditions in the developed capitalist states. The crisis symptoms and problems of developed capitalism speedily spread over Mexico as well as over the other dependent states of Latin America and other regions of the third world, but had a much more severe effect.

The great economic dependence, epitomized by huge foreign debts and further expansion of Mexico's relations with the developed capitalist states on the basis of newly obtained loans and credits, will in the future also adversely affect cooperation between Mexico and the socialist countries, including the NRB. This makes it imperative in carrying on our bilateral relations with Mexico to take fullest account of the new factors and the determinative trends in the development of the Mexican economy.

The development of trade relations between the NRB and Mexico, which at present are the principal sphere of cooperation, urgently raises the question of discovering all opportunities for increasing and stabilizing Bulgarian exports. This important problem in reciprocal trade has also been assessed by some Mexican economists. Pointing to the rapid economic development of the NRB and the increase in its resources for accumulation and investments as objective conditions for the expansion of Bulgarian-Mexican economic cooperation, the Mexican economists Miguel Uriarte and Maria Quintero emphasize that "the Mexican government must grant opportunities to Bulgarian enterprises to increase their exports to Mexico. The future development of trade will depend to a great extent on the competitive participation of their goods in the Mexican market."⁷

It is not solely because of the strong competition on the part of the developed states that it will be an exceptionally difficult task to increase the NRB's exports to Mexico in the future. Financial difficulties reduce Mexico's abilities to make timely bank arrangements to pay for imports. In 1982, due to the severe financial crisis 825 commodity items, including several types of metalworking and machine-building products, were not approved for import.⁸ Although regarded as a temporary measure, a great part of these restrictions were in force in 1983, too. Due to Mexico's lowered solvency and its inability to regularly import the necessary parts, components and materials, the operation of 80 percent of the industrial enterprises was hampered.⁹

Under these new and more difficult conditions and in view of the country's worsened economic situation, the structure of Bulgarian exports to Mexico will have to be adapted in maximum measure to the actual resources and needs of the Mexican market; also the practice of tying-in exports more closely with imports must be more widely employed—for example, compensatory and barter deals etc.

In keeping with the protocol on the development of trade between the NRB and Mexico, metal-cutting and agricultural machinery, chemicals and pharmaceuticals headed Bulgarian exports during 1981-1983. This structure can be preserved and consolidated in the future, with new commodities included in individual groups in accordance with the changes in Mexico's economic development and the targets set in the long-term plans.

Trade in /machinery and equipment/ [in boldface] is of the greatest importance in Mexican foreign trade.¹⁰ National machine-building production is still at a low level and a great part of needs is met by imports. Thus, for example, the national production of metalworking machines is estimated at \$2.8 million, and the national consumption at about \$15 million. The Mexican market's main suppliers are American firms. In recent years considerable shipments have also been made by firms in the FRG, Italy, Great Britain and Japan, as well as by the foreign trade organizations of some socialist countries (Hungarian People's Republic, GDR, Polish People's Republic and Czechoslovak Socialist Republic). A considerable volume of general-purpose metalworking machinery is imported by the member countries of the Latin American Association for Integration without requiring special import permits. This makes things easier besides for the foreign branches active in the production of metalworking machinery in the Latin American countries concerned (Brazil, Argentina etc.). Under these conditions, the promotion of Bulgarian exports of metalworking machinery as an important commodity item merits special attention. What is needed are long and many efforts for a basic study of market needs and requirements, for a spare-parts supply etc. This activity will help expand the mix of Bulgarian exports of machinery and equipment, which may also include some types of materials-handling machinery, telephone equipment, medical apparatus, electrical and electronics products etc.

With increased activity and good organization on the part of Bulgaria, shipments of package plants for the food, wine and tobacco industry, hothouse complexes, warehousing etc. can also be made with the provision of scientific and technical assistance in planning and commissioning.

Along these lines, prospects for the development of trade and economic relations in /the chemical industry/ [in boldface] are also taking shape. In this sector our country has abundant production and scientific-and-technical potential and great export capabilities. Chemicals have an important place in Bulgarian exports to the developing countries, including the Latin American countries. On the other hand, Mexico makes considerable imports of various kinds of chemicals (about \$250 million worth in 1982). In contrast to most developing countries, Mexico is speedily developing its chemical industry, which in recent years has had an important place in industrial-development plans.¹¹ A high degree of self-sufficiency has been reached in nitrogen and ammonia fertilizers, as well as in some other kinds of products. Therefore, in addition to trade in chemicals, the chief direction to take in the development of cooperation is the building of joint production capacities to meet the needs of partner countries and joint marketing in third markets, including neighboring Latin American states. Mutually advantageous industrial cooperation can be established in the production of soda, certain kinds of fertilizers, drugs and other chemicals.

In view of the great geographic remoteness and the still-limited scope of economic relations between the two countries, cooperation with Mexico in building small industrial enterprises in the food, wine and tobacco industry, the chemical industry and machine building is of interest. On the one hand, this form offers possibilities of a wide range of activities (provision of equipment, technologies, highly skilled personnel). On the other, it does not require major capital investment and is especially suited for adaptation to the needs of a new market.

The development of trade and economic relations between the NRB and Mexico in /agriculture/ [in boldface] is worthy of special attention. Mexico is experiencing serious difficulties in feeding its rapidly growing population and makes significant exports of foodstuffs (10 million tons in 1980, 6 million tons in 1981). According to some estimates, in 1983 9.4 million tons of bread grains and 7 million tons of other agricultural commodities had to be imported.¹² Another problem is the low degree of the development of productive forces and the mechanization of agricultural production. Mexico is highly dependent on the developed capitalist countries, principally the United States, for the procurement of equipment, machinery and agricultural implements. In addition, foreign monopolies control the processing and export of the chief agricultural raw materials. They own large farms of the specialized-livestock and plantation type and influence agricultural credit through their participation in the banking system. These features in the development and present-day state of Mexican agriculture, as well as the agrarian structure (rural communes --so-called "ejidos;" small, medium and large private farms, plantations and specialized-livestock farms of the foreign monopolies) must be taken fully into account in carrying out any comparatively large projects for the mastering of Bulgarian experience with agroindustrial complexes. More realistic are the possibilities of establishing trade and economic relations through the supplying of certain kinds of foodstuffs and by the building of enterprises for the processing of agricultural products, including enterprises with the participation of firms from Mexico's traditional trading partners--the developed

capitalist states. Cooperation in this area also offers opportunities for participation with technology and specialists in irrigation works, personnel training etc.

The expansion of economic relations between Bulgaria and Mexico as one of our principal partners in the years ahead will be a difficult task. The new factors in economic development involving the financial and economic crisis and the decline in revenue from oil exports are having repercussions on Mexico's foreign economic relations and the main flows of Mexican foreign trade. The existing problems in trade and economic relations between the NRB and Mexico (small volume and undiversified structure of goods exchange, the still-inadequate employment of new forms of cooperation etc.) will have to be solved under more difficult conditions. This makes it imperative to employ a differentiated approach as regards the areas of cooperation and the specific ways in which the existing opportunities are translated into reality. In this connection, study of the experience and cooperation with the other socialist countries, especially with socialist Cuba, plays an important role.

FOOTNOTES

1. BANK OF LONDON AND SOUTH AMERICA REVIEW, February 1983, pp 11-17.
2. BIKI [Bulletin of Foreign Commercial Information], 7 December 1982.
3. The solid legal foundation and detailed regulation of Bulgarian-Mexican relations during this period should be noted. The following were concluded after 1977: trade agreement (19 May 1977) and commercial protocol (1978-1980), periodically updated; agreement on cooperation in culture and education, protocol on cooperation in agriculture, intergovernmental agreement in the area of agriculture and the food industry, protocol on cooperation in agricultural science and technology, agreement on economic and industrial cooperation, agreement on scientific and technical cooperation, protocol on scientific and technical cooperation in geology and mining, banking agreement on settlements, agreement on sea transportation, agreement on cooperation in tourism.
4. During this period trade with Mexico accounted for 1.5-3.9 percent of the NRB's total commerce with the Latin American states (excluding Cuba).
5. In addition to economic relations between the two countries, cultural contacts have had especially intense development. In Mexico a great many events in a row have been marked: the centenary of Bulgaria's liberation from Ottoman bondage, the 1300th anniversary of the founding of the Bulgarian state, the centenary of Georgi Dimitrov's birth. Many exhibitions of Bulgarian art have been organized. A secondary school is named after Lyudmila Zhivkova. A number of the memorable events in Mexico's history and culture have been marked and celebrated in our country.
6. The journal LATINSKAYA AMERIKA [Latin America], No 11, 1982, p 62.

7. "Mexican-Bulgarian Commerce," in the journal COMERCIO EXTERIOR [Foreign Commerce], No 9, 1978, p 1161.
8. BIKI, 25 May 1982.
9. "The Economist Intelligence Unit," QUARTERLY ECONOMIC REVIEW OF MEXICO, No 1, 1983, p 12.
10. Imports of machinery and equipment increased from \$4.7 billion in 1979 to \$10.9 billion in 1981 and amounted to 40 percent of total Mexican imports.
11. "National Plan of Industrial Development," in the journal COMERCIO EXTERIOR, No 6, 1979, pp 205-206.
12. BANK OF LONDON AND SOUTH AMERICA REVIEW, February 1983, p 14.

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BRIEFS

VIETNAMESE-BULGARIAN/CZECHOSLOVAK TRADE--Trade relations between the SRV [Socialist Republic of Vietnam] and the NRB [Bulgarian People's Republic] and between the SRV and the ChSSR [Czechoslovak Socialist Republic] are developing dynamically. The volume of trade during the current 5-year plan will more than double that of the preceding period. Coordination of national economic plans will help increase Vietnamese exports to the NRB and the ChSSR and expand the assortment thereof, as well as satisfy more fully the SRV's needs of raw materials, fuels, supplies etc. [From EKONOM. SOTR. STRAN-CHLENOV SEV [Economic Cooperation of CEMA-Member Countries] in Russian No 12, 1983] [Text] [Sofia VUNSHNA TURGOVIYA in Bulgarian No 3, 1984 p 14] 6474

BULGARIAN-SOVIET COOPERATION, TRADE--In fulfillment of the master plan for specialization and cooperation in physical production between the NRB and the USSR up to 1990, 36 sectorial programs and a number of agreements and treaties have been signed on a bilateral basis. Bulgaria will produce and export to the USSR products numbering about 250 items, mainly machine-building products and chemicals, and will import from the Soviet Union products numbering 800 items. The total volume of specialized products in the trade between the two countries during the current 5-year plan will amount, according to preliminary calculations, to about 6.5 million rubles. [From EKONOM. SOTR. STRAN-CHLENOV SEV in Russian No 12, 1983] [Text] [Sofia VUNSHNA TURGOVIYA in Bulgarian No 3, 1984 p 14] 6474

BULGARIAN-CEMA TRADE--The NRB's foreign trade in machinery and equipment is developing at an overtaking pace. Machinery and equipment exports to CEMA-member countries in 1982 amounted to 2.7 billion rubles (over 54 percent of the total exports to these countries) as against 460 million rubles in 1970. Reciprocal shipments of machinery and equipment will be expanded by the specialization and subcontracting of production. At present, Bulgaria is participating in the execution of 262 multilateral and bilateral treaties for the specialization and subcontracting of production among the fraternal socialist countries. About one-third of the trade is attributable to shipments of subcontracted and specialized production. [From EKONOM. SOTR. STRAN-CHLENOV SEV in Russian No 12, 1983] [Text] [Sofia VUNSHNA TURGOVIYA in Bulgarian No 3, 1984 p 14] 6474

WORK OF NATIONAL COMMITTEES CRITICIZED

Prague RUDE PRAVO in Czech 13 Apr 84 p 1

[Editorial: "Political Approach in Work of National Committees"]

[Text] In a few weeks we shall celebrate the 39th anniversary of the culmination of the national liberation struggle of the Czech and Slovak peoples, and the liberation of our fatherland by the Soviet Army to which the birth of national committees is inseparably linked.

As the leading force in the liberation struggle, the CPCZ has always seen to it that from the very outset the national committees entirely differ from the former municipal, okres and other authorities. While the latter had been a constituent part of the oppressive state apparatus serving the ruling capitalist strata, the national committees have been from the very outset the organs of people's power, the organizers of the new life and of revolutionary changes.

The rights and duties of national committees are firmly embodied in our Constitution and our laws. The Sixth Plenum of the CPCZ Central Committee, which took place exactly 2 years ago, provided fresh important stimuli for the activity of organs of people's power.

The party organs at all levels systematically assist the national committees in the clarification of main directions of their activity, the implementation of urgent tasks and the overcoming of difficulties and problems which they encounter in their work. In the first place, however, they teach them how consistently to discharge their basic functions--to represent people, to increase their active participation in the formulation of local policies, in public administration and to help them in satisfying their interest and needs.

As of now, however, many national committees perform their basic task--to promote economic development and to satisfy the people's needs in the territorial unit under their jurisdiction--reluctantly and halfheartedly. This is to a certain extent caused by the centrally managed enterprises, plants and organizations whose attention is often not directed by their respective ministries to the citizens' needs. Despite the clear provisions of the law, they remain deaf and blind to matters which do not concern towns and villages alone, but represent an urgent need of their own employees. Their deputies and

workers must blame in the first place themselves for certain discrepancies between the national committees' extensive rights and their practical exercise.

These and other phenomena in the activity of workers of national committees indicate that there is still much in their work style that must be constantly corrected. Among the most important causes are the considerable shortcomings in the professional and primarily the political background of workers, particularly in towns and centrally located communities.

A number of ONV's [okres national committees] try to correct this deficiency by the regular methodological training of their workers and even of the commission members. The main emphasis is correctly placed on the elucidation of political aspects of individual activities.

At the recent meeting of chairmen of CPCZ basic organizations who are active in the national committees of the North Bohemia kraj it was correctly stressed that the completion of various schools and courses by the workers of national committees must not be confused with the increasing demands on their ideological-political proficiency. The effectiveness of various forms of professional and political training cannot be judged by the scope of bookish knowledge acquired alone, but also according to its reflection in everyday contact with people.

The so much demanded political approach in the work of officials and workers of national committees cannot be reflected in their repetition of party resolutions and in using their own simplified interpretations as a sort of protective shield. On the contrary, the political approach in the work of national committees must be reflected in the well-thought-out, creative and consistent implementation of their own group of activists and in close cooperation with the organizations of the National Front, they are able to engage an increasing number of citizens in the implementation of these resolutions.

An important prerequisite for increasing the effectiveness of all activities of our representative organs and of more effective overcoming of vestiges of formalism and red tape is increased party influence in their work. This applies both to the party organizations operating in the national committees and to individual communists--officials and deputies. It is precisely they--in their work in elected organs, commissions and meetings of activists or in contact with the citizens--who must be a model of a consistent political approach to all questions and problems under discussion.

In his recent comment on the CSSR Government Report on the Implementation of Its Program, Comrade Lubomir Strougal described in the Federal Assembly some good results achieved in the work of national committees. At the same time, however, he pointed out that many forms of maintenance and modernization of houses, development of trade and services paid for were no longer up to date.

This is reflected in a small degree of flexibility and resolution in meeting the citizens' justified needs and interests. Despite all justified criticism, there still is too much paperwork and too many various organizational

intermediate units which, instead of improving services, unnecessarily complicate them. They cannot be successfully further developed by the "hand to mouth" method while ignoring the long-term prospects.

Who should be sought behind the criticism of these shortcomings? Unfavorable objective conditions and influences affecting the workers of national committees? Not at all, but rather concrete, live people. How otherwise would it be possible that under almost identical, completely comparable conditions some organizations in certain places or okreses achieve good results, while other organizations continue to drag their feet?

It is imperative to replace much more categorically the narrow professional approaches by the political ones. It still happens that the efficiency of work of the national committees and of the enterprises, establishments and organizations managed by them is judged according to many different financial and value indicators which, however, cannot even under the best possible circumstances give a satisfactory reply to the key question of whether what has been accomplished actually serves and helps citizens.

Certainly, as in our entire economy the requirements of efficiency, economy and conservation of raw materials and energies of all types must not be underestimated in these instances, either. However, the observance of these indicators cannot be used as a pretext for maintaining services and other important areas of activities on a level which was out of date a long time ago.

This also is closely related to the attitude toward the socialist laws. They must be consistently observed instead of trying to find various ways of circumventing them. It is frequently overlooked that an annual or long-term plan, election program, implementation guideline or a set of measures, after having been discussed and approved, becomes mandatory, and its implementation therefore must be consistently checked. It must not be forgotten that their formulation and implementation cannot do without wide active participation on the part of citizens.

Every official and worker of the national committee is a responsible political worker in the first place. The style of his everyday work must be in conformity with this.

10501
CSO: 2400/301

SAVINGS IN FODDER IMPORTS, CONSUMPTION REVIEWED

Prague RUDE PRAVO in Czech 2 Apr 84 p 3

[Article by Zdenek Hoffman, deputy of the management department of the CPCZ Central Committee: "Further Opportunities and Unutilized Reserves in Fodder Management"]

[Text] The development and accomplishment of agricultural production tasks in the 1970's clearly demonstrated that the basic requirement for us to achieve independence in foodstuff production is to meet fodder needs to the maximum extent from our own sources. During this period we did indeed reach self-sufficiency in animal-origin foodstuffs, including milk, thanks to the rapid development of livestock production, whose volume grew by 12.8 percent during the Sixth 5-Year Plan, but this growth was based to a considerable extent on foreign fodder sources.

Despite our own growing grain harvests, grain imports in the years 1970-1980 not only did not decrease in comparison with the average for the previous 5-year plan, but actually increased slightly. It was the same with the albuminous components, oil cakes and livestock meal.

Fodder continued to be the most burdensome item to the foreign trade balance of the entire agricultural-foodstuffs complex. Therefore, the 16th CPCZ Congress in establishing agricultural goals gave one of the highest priorities to expanding the production of all types of fodder and improving the level of economy, especially with grain feeds.

Developments and results in the first 3 years of the Seventh 5-Year Plan, especially 1982 and 1983, fully confirmed that the directions taken were correct and realistic. This is most clearly shown by the fact that in spite of a very poor grain crop in the first year of the 5-year plan, whose shortfall had to be covered by exceptional actions to build up the fodder funds, the average annual grain imports in the years 1981 to 1983 dropped to less than half compared to the average for the Sixth 5-Year Plan, and a somewhat reduced trend appeared in the importation of albuminous components as well. The overall volume of livestock production did not drop--on the contrary, the annual average for the years 1981 to 1983 increased by 4.4 percent in comparison with the 1976 to 1980 period.

Stricter Measures

A significant role was played by the Fourth Plenum of the CPCZ Central Committee in the fall of 1981 when the main directions for further rationalization of economizing in grain fodder were laid out. A number of measures in that direction were taken under the leadership of party organs and organizations in the kraj, okres, and agricultural enterprises and services. They were at least partly successful in achieving the desired changes in the structure of livestock production. While in the Sixth 5-Year Plan there were significant and dynamic developments in raising swine and poultry, now the increase in these branches was limited. They are also almost exclusively dependent on the consumption of grain fodder. In contrast, the production of milk, which is less demanding on grain supplies, grew, and cattle raising as a whole went into the black. In 1981 the production of slaughter swine was 26.2 percent of the overall gross livestock production, but in 1983 it was only 23.2 percent, while in comparison the share of slaughter calves grew from 22.1 percent to 22.3 percent and milk increased from 30.6 percent to 32.7 percent.

The stricter measures in economizing in the use of grain feeds and the orientation of livestock production workers to ward these measures has shown up particularly in the past 2 years as the consumption of grain per unit produced has dropped substantially for all main products. In 1981 it took 3.70 kg per kilogram of growth in swine being fattened while in 1983 it took 3.60 kilograms. In raising cattle the consumption per kilogram of growth at fattening stations dropped from 2.35 kg to 2.10 kg and in milk production it decreased from 0.26 to 0.23 kg per liter.

The significant reduction in grain feed consumption in raising cattle took place mainly thanks to improved supply and utilization of bulk fodder. According to experts' calculations bulk fodder now provides an average of 6 liters of milk production daily per milk cow, which is almost a liter more than in the previous period. In both of the last 2 years there were more than 15 million tons of bulk fodder produced (converted to dry mass) while the annual average in the Sixth 5-Year Plan was only 13.3 million tons. An important role is also played by careful adjustments in feeds and optimization of the feed allotment on the basis of analyses. In many okreses an effective contribution to this activity is made by the centers for management of cattle raising.

In fattening swine, reduced consumption of grain has been achieved by using supplemental sources, especially waste from the foodstuff industry, and by improvements in feed technology. In particular there has been success with the so-called "wet" (liquid or moist) feed utilizing by-products from milk processing plants and feed waste. Changes in the feeding equipment and the internal organization of the fattening stations have also often contributed to reduced consumption.

The overall level of fodder consumption has also been favorable influenced by greater care of the animals' health and reduced deaths, which are a loss item in the fodder accounting. For example, in fattening swine (excepting suckling pigs), where the losses are particularly sensitive from the standpoint of

economizing in grain, deaths dropped from 6.9 percent in 1980 to 5.1 percent last year.

A Continuing Key Task

However, results to date in economizing in grain feeds are not satisfactory. In no sector of livestock production are the available reserves fully utilized yet. Besides the deficiencies discovered in analyses and checks, this is clearly also shown in the differences in fodder consumption between the individual agricultural enterprises and okreses.

For example, in fattening swine which is essentially based on feeding industrial feed mixtures produced according to a uniform national recipe, the nationwide average is 3.60 kg of grain mixture per kilogram of weight gain, but a number of agricultural enterprises have consumption far below this level.

One can cite, for instance, the joint agricultural enterprise (SZP) Malsice in Tabor okres at 3.37 kg, or SZP Trstice in Nachod okres at 3.38 kg. On the other hand, there are still feeding stations with consumptions substantially higher than 4 kilograms. According to evaluations by the agricultural scientific research bases which have been verified at experimental feeding stations, the genetic potential of hybrid swine is such that we should be able to get a kilogram of weight gain with a consumption of about 3 kilograms of high-quality feed mixture. However, this assumes that there has been optimum storage of the mixture everywhere and that it has not only the proper proportion of energy elements and albuminous components but is also enriched with biofactors, vitamins, etc. This is obviously also true for the other sectors of livestock production.

Economizing in grain feeds and reducing their consumption therefore continue to be one of the key tasks on the path toward increasing our self-sufficiency in the overall production of foodstuffs. This requires concentrated attention at all levels of agricultural management and the further attention of party organs and organizations. However, we must resolve the question of fodder management in close conjunction with the increased intensity of livestock production which is affected by effective fodder pricing. It would also not be correct to concentrate just on those enterprises with unfavorable results in grain consumption. If the situation is evaluated objectively based on actual conditions, there are also considerable reserves in the average and even in the outstanding enterprises.

It also is necessary to continue first of all to make sure that efforts to reduce the consumption of grain fodder keep the structure of livestock production as a higher goal. This means regulating the status of economic livestock, namely swine and poultry, so that they correspond to the goals in production and purchasing. It follows from this that exceeding the goals is possible only if it is desirable for the society as a whole and will be provided for by one's own savings of fodder.

Value Each Kilogram Better

In raising swine and poultry it is mainly a matter of improving the feed technology, upgrading the stabling conditions and the climate in them, and seeking out and effectively utilizing further supplemental sources of grain. Greater attention must be given to effective feeding of unmarketable potatoes, beets and corn stalks gathered by a separate harvest which can be done even in areas where the corn does not ripen into grain.

In raising cattle the main path toward reduced consumption of grain fodder is still a further increase in the share of bulk fodder in meeting the overall needs of the animals. The goal is to have sufficient bulk fodder, but of excellent quality. It is therefore necessary to limit losses in storage further and gradually to expand the cultivation of fodder beets, semi-sweets, etc. In order to increase the overall intensity of fodder crop production we must further concentrate on the area of multiyear fodder crops with the existing proportions of fodder acreage to plowed land. We cannot count on increasing this proportion even in the future because of other demanding tasks of crop production. Reserves are to be found in handling the bulk fodder before it is fed to the livestock. We need systematically to evaluate the level of technological discipline, the consumption of fodder in relationship to production and its utility and reach conclusions from the results.

The Fodder Industry's Debt

The fodder industry -- the economic production units of Agricultural Supply and Purchasing -- must also contribute to higher utilization and valuation of grain fodder for all types of economic livestock. Its duty is not only to ensure proper processing of raw materials and meet fully the agricultural enterprises' demands for the desired types of mixtures, but mainly to ensure that the mixtures fully correspond to the established recipes and that there are no unnecessary variations in their storage. It must likewise intensify and expand its analytical and consultative activities and cooperate closely with its customers. However, this will also depend on how our chemical industry and medicament industry ensure the production and delivery of components for enriching the mixtures with biofactors and other effective substances.

In no sector of livestock production can we be satisfied with only technical and organizational actions in solving the problem of economizing in feed grains. People's attitude is decisive for the most rational and most efficient contribution. In this area a significant role can be played by the discussions taking place before the 10th National Congress of Unified Agricultural Cooperatives through which we can bring a wide circle of workers to bear on resolving questions of fodder economizing, critically evaluate results to date, compare them with others, utilize suggestions which give a nationwide basis to the discussions and discuss and adopt our own measures.

In addition to material interests in reducing grain consumption, we must also make more use of moral incentives and political educational actions among the livestock production workers. We must convince them of the importance of effective fodder utilization for all of society and its significant economic contribution for the unified agricultural cooperative or state farm. We must aim to make this goal a matter not only of the animal technicians, but also of each attendant.

GERMAN DEMOCRATIC REPUBLIC

TRENDS IN HOUSING MAINTENANCE, MODERNIZATION

More Repairs After Hours

Magdeburg VOLKSSTIMME in German 5 Apr 84 p 2

[Unsigned article: "Municipal Housing Administration To Carry Out More Repairs After Work"]

[Text] In 294 plan offers and 787 personal obligations, the personnel of the Magdeburg municipal housing administration concretely demonstrate how, in the 35th year of our republic, they wish to help further improve housing conditions. This includes their intention to rapidly make 450 empty apartments habitable again and by their own efforts keep 35,000 square meters of roofing in good repair.

This year efforts will focus on carrying out more repairs in the evenings and on Saturdays, so that working tenants will not have to sacrifice so many household and vacation days when the repairman comes. The prerequisite is the establishment of other KWV [municipal housing administration] bases in the southern, central and northern districts. The KWV personnel aim this year to carry out repairs to the value of M13.25 million--M125,000 more than in 1983--, intending mainly to raise the output of minor and minimal repairs. For this purpose they also want to recover material to the value of M772,000.

To at the same time facilitate the tenants' beautification of their own apartments and enable them to carry out minor repairs themselves, the network of "Join in!" centers is to be so expanded that one such center is available per 2,000 apartments. Incidentally, in 30 percent of all maintenance needs tenants are quite prepared to pitch in. This is apparent from the tenant coadministration contracts that were concluded in almost 95 percent of all multifamily dwellings.

Residents Handle Repairs Themselves

Karl-Marx-Stadt FREIE PRESSE in German 5 Apr 84 p 3

[Interview with Dr J. Zimmermann, member of District Council for Housing Policy: "What Are We Doing About Housing Maintenance?]

[Text] FREIE PRESSE: Dr Zimmermann, as we note from many letters to the editor, many citizens are concerned about the problem of housing maintenance. What is the output growth to be achieved in our district in 1984?

Zimmermann: In honor of the 35th anniversary of our republic, the collectives of the 35 housing administrations and 140 socialist housing construction cooperatives have resolved to raise the output of minor and minimal repairs to housing by 8 percent in 1984. At least 10 percent more repair orders than in 1983 are to be carried out. In honor of the municipal elections, the housing administrators intend to exceed the repair plan by M730,000.

FREIE PRESSE: That is very satisfactory. However, we do know that some housing administration enterprises in fact use only the smallest proportion of their capacities for their real task minor and minimal repairs to residential buildings. What is the actual state of affairs?

Zimmermann: At the present time 55 percent of the repair and maintenance capacity are in fact used for building maintenance in the average of the district. The Meerane, Glauchau Kreis, housing administration enterprise has already achieved 87.4 percent, the Werdau enterprise 75.2 percent and the Aue enterprise 78.2 percent. These enterprises set the examples, while in Ehrenfriedersdorf, Zschoppau Kreis, only 21.5 percent, in Hohenstein-Ernstthal 29.2 percent and in Olbernhau, Marienberg Kreis, 29.8 percent of the housing administration's capacity are used for apartment maintenance.

FREIE PRESSE: Where are the capacities of these last named enterprises mainly used?

Zimmermann: It must be admitted that these enterprises carry out far too many repairs to residential buildings. These would in fact be in the province of the kreis managed construction industry; as it is, they keep the housing administration enterprises from quickly dealing with minor damage. This problem will definitely have to be dealt with in these kreises.

FREIE PRESSE: And what is to be the future development?

Zimmermann: We intend step by step to see to it that the maintenance output of the housing administration enterprises is raised to 90 percent by 1990. All housing administration enterprises have therefore been requested by the end of April to submit detailed conceptions of their further development through 1990, and especially their contribution to the settlement of the housing problem as a social problem. They must therefore give proper consideration to the question how the collectives are going to meet future requirements on the maintenance of the 380,000 apartments to be managed in the district.

FREIE PRESSE: Does that include the establishment of more emergency services?

Zimmermann: It does. It is imperative as quickly as possible to transfer to the entire region the excellent experiences gained in this field in the western city district of the district capital and in Schwarzenberg Kreis. A well functioning service of this kind is able to cope with sudden minor damage that might threaten the function of the apartment, and to do so informally and without long waits. Still, the enterprises of the housing administration can show themselves equal to this task only if they are backed by the local people's representations and consistently included in the coordinated development of construction operations in the kreis.

FREIE PRESSE: About 25 percent of the maintenance output for residential buildings are contributed by the citizens themselves. Many are ready and interested in doing even more to maintain their apartments, their homes. Is that being encouraged?

Zimmermann: We intend to purposefully and--above all--quickly encourage this growing interest of private citizens in close cooperation between the housing administration enterprises and local state organs and National Front committees. While preparing the 1985 annual plans, the enterprises of the housing administration are drafting building repair plans.

FREIE PRESSE: What is to be the substance of these building repair plans?

Zimmermann: Three items should be stressed. 1. What kind of damage can be dealt with by the tenant associations without outside help? 2. What kind of emergency work can be handled by the repair brigades of the residential district (home worker brigades, construction activists, and so on)? 3. What kind of minor repairs can be dealt with only by specialists? Such concrete and informative building repair plans are important working bases for the planning and balancing of the necessary capacities, materials and financial resources.

FREIE PRESSE: Where may private citizens obtain help with the drawing up of such a repair plan?

Zimmermann: I would recommend the managements of the respective tenant associations and interested private citizens to confidently approach the persons in charge of the competent housing administration enterprise. This may be one of the Building Administration VEB's or a housing construction cooperative. These persons will propose possible approaches for these citizens to deal with their problems. At the same time the latter will also be helped in the matter of the availability and procurement of minimal quantities of materials and tools as well as expert advice.

FREIE PRESSE: Are experiences already available in the district with regard to the work with repair plans?

Zimmermann: Last year 850 such plans were drafted and put into operation in the district capital. It turned out that this setup encouraged the active

cooperation of private citizens in maintenance measures. The plans showed themselves to be suitable management and planning tools. Consequently, with the backing of the National Front committees, the housing administration enterprises adopted the target to complete at least 10,000 such building repair plans in the district until the 35th anniversary of the GDR's establishment.

FREIE PRESSE: Still, there are far more residential buildings than that-- what more is planned?

Zimmermann: Initially we aim in 1985 to quintuple the completed building repair plans by comparison with the 1984 target. At the same time all prerequisites are to be created to gradually in future years include in the building repair plans all residential building sites and that means privately owned ones too. Moreover, the number of employees of these enterprises competent for a specific residential district is to be increased, so that one housing administrator will permanently look after about 800 instead of the present up to 3,000 (maximum) apartments.

FREIE PRESSE: Do the building repair plans represent a guarantee that promises made by the housing administration enterprises will in fact be kept? Complaints from private citizens now show that this is not always the case.

Zimmermann: Indeed, the plans must guarantee this. Our enterprises are exclusively at the service of the citizens, not vice versa. Enterprises are obligated to work with the citizens and consistently keep their promises. The district council will devote particular attention to this issue.

11698

CSO: 2300/432

ORDER PROMULGATED ON PIECE GOODS TRANSPORT

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I
No 9, 30 Mar 84 pp 93-106

Official text: "Order on the Public Transport of Piece Goods--Piece Goods
Transport Order--(StTO)--of 15 Feb 1984" effective 1 Jun 84

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 Article 42--Material Responsibility, Lodging and Expiry of Claims, Statute of
 Limitations
 Section IV--Concluding Provisions
 Article 43--Issue of Instructions and Price Regulatory Provisions
 Article 44--Effective Date, Transitional Regulation

On the basis of Article 30 Paragraph 1 of the Decree on 10 December 1981 on
 Public Freight Transport by Rail, Inland Shipping and Motor Vehicles--Freight
 Transport Decree (GTVO)--(GB1 I 1982 No 2 p 13) and in coordination with the
 managers of the competent central state organs, the following is ordered:

Section I

General Provisions

Article 1

Scope

- (1) This order regulates the rights and duties of parties involved in public piece goods transport. They are
 - a) Senders and recipients of piece goods, including mixed consignments (hereinafter designated transport customers);
 - b) Combines, enterprises and offices of railroad and motor vehicle transport as well as the railroad/motor vehicle transport group (hereinafter designated transport enterprises).
- (2) This order also applies to international transports unless special traffic regulations apply.
- (3) This order applies to the transport of military freight unless the traffic regulations for military traffic list special provisions.

- (4) If piece goods are accepted for transport by the Inland Shipping VEB, the legal regulations enacted for freight transportation by inland shipping apply.¹

Article 2

Definitions

In the meaning of this order, considered

- a) Piece goods
are goods in a consignment, which--by volume and dimension--meet the demands and limitations of traffic regulations and do not fully utilize a means of transport in terms of space or volume;
- b) Consignment
the goods and pertinent waybill; the goods may consist of several single pieces;
- c) Point of dispatch and ultimate destination
a place admitted for piece goods transport as per the schedule of piece goods transports (gazetteer)² or for mixed consignment transport as per the traffic regulations;
- d) Piece goods dispatch
the railroad freight stations specified in the gazetteer and authorized to dispatch piece goods;
- e) Freight charges
freight, scheduled fees and other charges arising in connection with the transport;
- f) Traffic regulations
legal regulations and schedules relating to transportation and transshipment as well as instructions and price regulatory provisions published or declared mandatory as per Article 43 in the Rate and Traffic Schedule (TVA);
- g) Piece goods transport
if a transport customer hands over piece goods for transport to a transport enterprise or transport enterprises of various carriers (railroad/motor vehicle transport group); piece goods transport is also the mixed consignment transport of motor transport (carrier and works mixed consignment transport);
- h) Carrier-mixed consignment
a load made up of freight from at least three senders to at least three recipients and sent by one motor transport enterprise to another motor transport enterprise;
- i) Works mixed consignment
a load made up by a motor transport enterprise from freight dispatched by at least three senders to one recipient, or a load sent to a motor transport enterprise by one sender and consisting of freight for at least three recipients;

- j) Collection or distribution offices
a transshipment point with a fixed catchment area, where mixed consignment loads are assembled or dissolved by a motor transport enterprise.

Article 3

Socialist Cooperation, Cooperation between Transport Enterprises and Citizens

- (1) Within the scope of their state assignments, transport enterprises are obligated to guarantee the demand-appropriate handling of piece goods transports (hereinafter designated transports) for the national economy and private citizens.
- (2) All those involved in transport must cooperate loyally and closely. In order to lower the national cost of transport and guarantee energy conserving transports, they must in particular
- a) Organize a closed chain of transport from the sender to the recipient;
 - b) Guarantee smooth and quick carriage and perfect the process;
 - c) Rationalize transports by assembling single items into load units or larger packages;
 - d) By the adjustment of mass, dimension and packaging of the freight, take into account transport and handling requirements;
 - e) Adopt measures to prevent damage in transit and handling.
- (3) If necessary, those involved in transport must conclude transport coordination contracts regarding the tasks arising from Paragraph 2.
- (4) Transport enterprises are obligated to advise private citizens on all questions of the preparation and implementation of transports, and to inform them about traffic regulations and the rights and duties arising therefrom. Private citizens must be assisted in filling in the waybill.
- (5) Transport enterprises are obligated upon request to inform private citizens of the date of collection of the goods. The likely date and time of delivery must be agreed with the private citizen.

Section II

Provisions on Carriage by Rail and Motor Vehicles

Article 4

Transport Duty

- (1) Transport enterprises are obligated to through transports from sender to recipient, provided

- a) The transport customers observe the traffic regulations in effect for the transport;
- b) The transport is permissible and can be carried out on existing traffic routes;
- c) Handling is possible with the handling equipment available at the transshipment points.

Private citizens are permitted to deliver or collect shipments directly at the piece goods dispatch points; other transport customers may do so only after approval by the chairman of the competent transport committee.

(2) Upon application by the transport enterprises and for compelling economic reasons, taking regional interests into account, the chairman of the competent transport committee may temporarily restrict or ban the acceptance and transport of freight, or permit it only on specific conditions. These restrictions must be published as early as possible and promptly lifted, once the reasons for them have ceased to exist.

(3) In the case of hazardous freight, the transport duty exists only within the framework of the traffic regulations for the transport of hazardous freight.

(4) If localities are not on the line of through transport from sender to recipient, the transport duty begins or ends at the nearest piece goods dispatch point specified in the gazetteer. Transport customers must deliver or collect these shipments themselves.

(5) In divergence from the provisions of Paragraph 1, the chairman of the competent transport committee may temporarily require transport customers who are subordinated to the scope of the contract law, to deliver or collect consignments from the piece goods dispatch point.

Article 5

Own Loading, Own Unloading

Transport enterprises may allow freight to be loaded or unloaded by the customer from freight cars to branch lines, depots and public loading ramps. In such cases, a contract must be concluded as per the sample published in the traffic regulations.

Article 6

On the Carriage of Freight not at all or only Conditionally Admitted for Transport

(1) Not admitted for transport are

- a) Goods excluded from transport altogether as per the traffic regulations on, for example, the transport of hazardous freight;

- b) Goods that cannot, or not without hazarding order and safety, be carried by the means of transport or auxiliary means of transport used;
- c) Goods registered or delivered for transport with only one waybill and requiring the exclusive use of only one means of transport;
- d) Goods registered for transport or handed in with several waybills for one single recipient within 5 calendar days and, together, require the exclusive use of only one means of transport;
- e) Single items that may be combined to load units or larger packages even without the use of ancillary means of transport;
- f) Single items with a weight exceeding 1,000 kg or length exceeding 4.00 meters or width exceeding 2.20 meters or height exceeding 1.90 meters;
- g) Goods of a shape, dimension or structure not permitting the appropriate utilization of the means of transport by the addition of other freight;
- h) Goods of a shipment consisting of several single items with a total weight of less than 20 kg and single items as a consignment with a weight of less than 10 kg;
- i) Large and medium-size containers (empty or loaded);
- j) Weapons and ammunition with cartridges;
- k) Precious metals, precious stones, pearls and products made of precious metals, precious stones and pearls;
- l) Easily perishable goods;
- m) Frost sensitive goods in the period from 1 October through 31 May;
- n) Living animals;
- o) Corpses;
- p) Unpackaged hides and skins.

(2) Conditionally admitted for transport are

- a) Goods for the transportation of which the traffic regulations prescribe special conditions, for example for the transport of hazardous freight;
- b) Goods, the transportation or transshipment of which causes special difficulties that can be dealt with only by special measures to be decided by the transport enterprise, in particular
 - 1. Pipes, rods, poles, sheet metal plates, structural iron and iron bars in bundles with a weight exceeding 100 kg per bundle or a length exceeding 4.00 meters;

2. Empty, uncollapsed shelves and partitions occupying more than 0.5 cubic meters per piece;
3. Machines, machine parts, motors and other heavy single items weighing more than 50 kg and not suitable for lifting by fork truck.

For the transportation of such freight, the sender is obligated, if required, to transship it at the piece goods dispatch point from road vehicle to rail freight car or, if it is not possible to pick up the goods at the sender's, for him to deliver and load them at the piece goods dispatch point. The recipient is obligated, if necessary, himself to unload and pick up the consignment;

- c) Empty exchange pallets with pallet check in the conditions specified in pallet exchange regulations.

Transportation enterprises need to accept such goods for transport only if the special conditions are met or appropriate measures adopted.

- (3) If, due to the kind and condition of the freight, transport enterprises are unable to carry out the transport to the point of delivery prescribed in the waybill, they may make available freight listed in Paragraph 2 letter b to the recipient on the recipient's branch line or depot or at the public ramp of a railroad station admitted for freight transports and close to the recipient, for unloading by the recipient himself. In effect for unloading the freight cars are the traffic regulations for freight transport by railroad. The freight charge is calculated up to the point of delivery prescribed in the waybill. There is no entitlement for reimbursement.

Article 7

Form and Text of the Waybill

- (1) The sender must fill in a four-part waybill for the freight, using the form issued by the transport enterprises. This consists of

- The waybill proper (page 1)
- Advice of shipment (page 2)
- Acceptance certificate (page 3)
- Receipt (page 4).

Divergences from the form and use of the waybill require prior agreement with the transport enterprises.

- (2) Not permitted to be delivered for shipment with a single waybill are:
 - a) Goods to be collected or delivered in various locations;
 - b) Goods that, due to their structure, cannot without detriment be loaded with other freight;
 - c) Goods that may not be loaded with other goods as per the traffic regulations for the transport of hazardous freight;
 - d) More than one small loaded container or more than four loaded pallets.

(3) The sender must enter in the waybill all prescribed data and statements; he may enter all permitted data and statements. The requirements on the text and drawing up of the waybill arise from the traffic regulations. No data and statements other than those prescribed or permitted by traffic regulations may be included in the waybill.

(4) Private citizens and other transport customers who are subject to special traffic regulations on the calculation of freight charges must, in addition, enter in the waybill the notation prescribed in the traffic regulations. This obligation is applicable also to transport customers who, as per legal regulations, pass on the freight charge to the recipient if the latter is subject to special traffic regulations on freight charges.

(5) The sender must confirm and sign any changes in the entries. Changes affecting the calculation of the freight charge are inadmissible if the freight charge had already been entered in the waybill. Waybills with erased or pasted-over data are not accepted.

(6) The waybill may have only such documents attached as relate to the freight contract and are required or permitted according to the traffic regulations (enclosures). The enclosures must be so attached to the waybill (page 1) that they cannot get lost and still allow other entries to be made.

(7) The sender's data in the waybill regarding the number of single pieces of the consignment loaded in small containers or on pallets are not accepted as evidence against the transport enterprise.

(8) The sender must accept any consequences arising from incorrect entries in the waybill or from the fact that attachments or documents to be submitted are missing or not in order.

Article 8

Transport Registration

(1) The sender must register the transport of the freight by handing over or sending in the properly completed waybill to the piece goods dispatch point competent for the place of dispatch. No registration is needed if the place of dispatch is not included in the through transportation route from sender to recipient.

(2) Transport enterprises must check whether the waybills conveyed to the, include the minimum data required by traffic regulations and the entries are legible. Waybills lacking the minimum data or with entries not conforming to traffic regulations must either be returned by mail or handed back.

(3) Transport enterprises must check

a) Waybills received by 10.00 hours on working days (except Saturdays) on the day of receipt,

- b) Waybills received on working days (excepting Saturdays) after 10.00 hours, on Saturdays, Sundays and holidays no later than the end of the next working day.
- (4) If the check does not reveal any errors, and the transport of the freight described in the waybill is permissible and possible, the registration is deemed valid. Transport enterprises must confirm the date of the effective registration by stamping the receipt certificate in the space provided.
- (5) If, for the purpose of transport, the sender has ordered small containers or pallets as per the traffic regulations in effect, the registration of the consignment is deemed valid only at the time the small container or pallets are made available. Handing over the small container or pallets to the sender for loading is deemed the point of time they are made available.
- (6) If, for some reason, transport is not permissible or possible, the transport enterprise must promptly return the waybill, citing the reasons for doing so.
- (7) The sender may cancel the registration up to the time the consignment is handed over. If the registration is canceled after the consignment has begun to be moved, the fixed freight charge must be paid.

Article 9

Acceptance Limited by Date and Direction, Scheduled Freight Runs

- (1) Transport enterprises are entitled to accept consignments for specific directions only on specific days. A plan must be drawn up for acceptance by day and direction, and this needs to be confirmed by the chairman of the competent transport committee. The plan and possible amendments must be published by display at the piece goods dispatch point at least 14 calendar days before taking effect. At least 1 day of acceptance per week must be provided for each direction listed in the plan, unless the chairman of the competent transport committee has approved a different regulation.
- (2) Transport enterprises must fix the service days for locations (including sections of locations) in their region in a freight line plan; this needs to be confirmed by the chairman of the competent transport committee. At least 1 service day must be provided for each location listed in the freight line plan, unless the chairman of the competent transport committee has approved a different regulation. The freight line plan and possible amendments must be published at least 14 calendar days before taking effect and displayed at the piece goods dispatch point, the motor transport enterprise and the locations not served daily.
- (3) After completed registration, transport enterprises must accept the consignment on the next planned acceptance or service day, not on the day the shipment is stated in the waybill to be ready.

Article 10

Packaging and Marking the Consignment

- (1) The sender is obligated so to package the goods that
 - a) Neither the lives or health of persons are hazarded or injured;
 - b) Safety cannot be impaired and the requirements of environmental control are met;
 - c) It cannot be lost, soiled, damaged or destroyed;
 - d) Traffic facilities, transshipment, transport and loading equipment, small containers, pallets, other freight or items owned by third parties cannot be damaged, destroyed or more than unavoidably soiled;
 - e) The transport space can be rationally used and handling proceed by mechanized equipment. Small single items, therefore, transport and handling of which is very costly, must be combined by stringing or packaging them into load units or larger packages, and heavy single pieces made suitable for pick-up by mechanized handling equipment.
- (2) In effect for packaging the goods are the traffic regulations on safeguarding order and safety.³
- (3) Special traffic regulations for packaging are in effect for freight that, due to its particular features, may cause hazards or damage while being carried.⁴
- (4) The sender may omit packaging of the goods if its features do not require packaging, and the requirements of Paragraph 1 are met without packaging.
- (5) Insofar as the procedure for accepting the consignment allows, the transport enterprises are obligated to check whether the packaging and method of loading corresponds to the requirements of the transport and of handling. This check refers to obvious defects.
- (6) Acceptance of the consignment for transport must be refused if it is noted that the packaging or method of loading do not correspond to the requirements as per Paragraph 1 or fail to observe the traffic regulations for safeguarding order and safety. If the transport enterprise finds that defects in packaging might cause damage to be inflicted on the goods or they might be lost, the consignment is accepted only if the sender acknowledges the defects of packaging in the waybill and no goods are involved that are subject to the traffic regulations for the transport of hazardous freight. This acknowledgment may also be provided in the form of a statement on the reduced protective function of the transport packaging if the sender
 - a) Regularly hands over similar goods with the same packaging defects in localities for which the same piece goods dispatch point is competent;

b) Deposits this statement at the piece goods dispatch point competent for him and indicates this fact in the space for "prescribed or permitted data and explanations" on the waybill.

(7) If it is noted in the course of transportation that the packaging of the freight does not meet the requirements of Paragraphs 1-3 and no acknowledgment as per Article 6 is at hand, the transport enterprise is entitled to remedy the packaging defects at the sender's expense. If the transport enterprise is unable to do so, it must proceed as per Article 18.

(8) The sender must mark the single items in conformity with the data in the waybill and the applicable traffic regulations.⁵ If the goods are packaged and their structure permits, the address of the recipient must be enclosed in the packaging or the goods.

(9) If the goods are not marked according to these provisions, or if old markings have not been removed or obliterated, the transport enterprise may refuse acceptance.

Article 11

Handing over the Consignment, Loading Schedules

(1) Senders are normally obligated to hand over the registered freight to the transport enterprise Monday through Friday from 07.00 hours to 18.00 hours, Saturday from 07.00 hours to 14 hours.

(2) Senders with a large volume of freight are obligated to hand over the registered freight daily from 00.00 hours to 24.00 hours. The decision which senders and for what periods this obligation applies is made by the chairman of the competent transport committee; he may temporarily place other transport customers under the same obligation.

(3) Senders as per Article 4 Paragraph 1 sentence 2 as well as Paragraphs 4 and 5, who themselves deliver the freight to the transport enterprise, must make delivery in the hours displayed at the piece goods dispatch point. If the transport enterprise has entered the date of acceptance in the waybill, the consignment must be delivered that day. The provisions of Paragraphs 5 through 9 do not apply in these cases.

(4) If, upon handing over, the consignment displays obvious damage, or if single items are missing, the transport enterprise may make acceptance dependent on the sender's confirmation in the waybill of the damage or absence of the single items. Acceptance is not permitted if the goods involved are subject to the traffic regulations for hazardous freight.

(5) If the sender does not have the registered freight ready for dispatch or fails for any other reason to hand it over, he must enter the new date of dispatch readiness in the waybill.

(6) If the registered consignment cannot be collected due to the absence of the sender, the attempted collection must be entered in the acceptance certificate. The waybill must be promptly returned to the sender, and the registration loses effect.

(7) The sender is obligated to load the consignment onto the road vehicle within the loading period. Per 500 kg weight or part thereof, the loading period is as follows:

- | | |
|--|------------|
| a) For freight in small containers and pallets | 5 minutes |
| b) For other freight | 10 minutes |

and begins at the time the road vehicle is ready for loading at the collection point designated in the waybill.

(8) Loading and carrying services may be agreed with the transport enterprise. Loading service is the handling of the freight from level ground or a ramp leading directly to the road vehicle, to the vehicle bed. Any services beyond the aforementioned are carrying services.

(9) The sender must confirm in writing any excess of the loading period. This also applies if, as per Paragraph 8, the transport enterprise has taken charge of loading the freight. If the sender refuses such confirmation, the statements of the transportation enterprises are deemed in effect.

Article 12

Use of Small Containers and Pallets

(1) If transport customers subject to the scope of the Contract Law use small containers and pallets, the provisions of the Sixth Implementing Regulation of 10 December 1981 on the Carriage of Freight Decree--Provisions for the Use of Small Containers and Pallets in Load Transport by the Railroad and in Piece Goods Transport--(GB1 I 1982, No 2 o 77) apply.

(2) If small containers and pallets are used by private citizens and other transport customers not subject to the scope of the Contract Law, Articles 6-16 and 19 of the Sixth Implementing Order to the Carriage of Freight Decree apply mutatis mutandi. Delay charges, cleaning charges and reloading charges are not payable by private citizens.

Article 13

Conclusion of the Freight Contract

(1) A freight contract must be concluded on the implementation of the transport.

(2) The freight contract obligates:

- a) The transport enterprise
to transport the consignment as per the agreed provisions of the waybill and to deliver it to the recipient within the delivery period, without loss and undamaged;
- b) The transport customers
to pay the freight charge, reimburse for expenses incurred, carry out prescribed or agreed cooperative actions, observe traffic regulations, especially to safeguard order and safety, accept the consignment and confirm receipt.

(3) The freight contract is concluded as soon as the freight has been accepted by the transport enterprise on the bed of the road vehicle.

(4) When the customer himself delivers the consignment to the piece goods dispatch point as per Article 4 Paragraph 1 sentence 2 as well as Paragraphs 4 and 5, the freight contract is concluded as soon as the consignment and the waybill have been accepted by the transport enterprise.

(5) When the customer himself loads the piece goods, the freight contract is concluded upon handing over the loaded freight car and waybills.

(6) The transport enterprise must confirm conclusion of the freight contract by stamping the waybill (pages 103) and handing over the acceptance certificate to the sender.

Article 14

Freight Charge and Outlay, Subsequent Payments and Reimbursement

(1) The transportation enterprise calculates the freight charge according to the traffic regulations in effect on the day the freight contract is concluded. In addition to the freight charge it charges for outlays incurred in connection with its services (postage, for example). The freight charge and outlays must be entered in the waybill (pages 1-3).

(2) The sender must pay the freight charge and reimburse the outlays upon acceptance of the consignment or immediately after receiving the invoice from the transport enterprise. When the freight charge and outlays cannot be calculated by the time the consignment is accepted, the recipient must pay them when the consignment is delivered or promptly after receipt of the invoice.

(3) If special settlement procedures on payment of the freight charge and reimbursement of outlays are agreed between the transport enterprise and the transport customer, or if a transport customer fails to settle promptly after agreement with the transport enterprise, this fact must be entered in the waybill and confirmed by the transport customer. The transport customer who fails to promptly pay the freight charge and reimburse outlays despite agreement with the transport enterprise, is obligated to pay the freight charge and reimburse outlays within 14 calendar days from receipt of the invoice. Upon nonobservance of this term, late charges must be paid as per general legal regulations. No charges of less than M2 are to be imposed.

(4) If the transport enterprise does not receive the freight charge and reimbursement of outlays from the recipient within 30 calendar days from issue of the invoice, the sender is liable to pay.

(5) If freight is delivered to another recipient upon instruction of an authorized state organ, this recipient must take over the obligations arising from the freight contract for the payment of freight charges and reimbursement of outlays.

(6) If the freight charge or outlays are incorrect, payment of the difference must be subsequently requested from the party liable for the payment or returned to the party who paid an excess amount, provided the difference is greater than M2. The amounts to be subsequently paid or returned must be paid within 14 calendar days from the issue of the invoice or finding of the error. If this period is exceeded, late charges are payable as per Paragraph 3.

(7) No claim for repayment lies if transport customers--with the exception of private citizens--have failed to enter the prescribed notation as per Article 7 Paragraph 4.

Article 15

Verification

(1) Transport enterprises are authorized to check whether the data in the waybill agree with the consignment, and whether the freight is admitted for transportation or the special terms or measures for transport have been observed. This verification must be noted in the waybill. If verification reveals an infringement of traffic regulations, the ascertained facts of the matter must be entered in the waybill.

(2) If it is noted during the transport that goods were delivered for transport contrary to the provisions of Article 6, they are not carried any farther. The procedure must follow the provisions on obstacles to transport.

(3) The sender must be invited to the verification at the place of dispatch, the recipient at the place of destination. If the transport customer fails to attend, or verification occurs on the way, a witness must be coopted. Employees of the transport enterprise may serve in this capacity only if nobody else is available.

(4) Transport enterprises may request evidence of the data in the waybill having been correct, even after delivery of the consignment, if they have legitimate doubts about their correctness. In this case transport customers must allow them access to their files.

Article 16

Instructions by the Transport Customers

(1) The sender may subsequently amend the freight contract once, by issuing an instruction for the entire consignment

- a) To be handed back or returned at the place of collection or acceptance,
- b) To be delivered to another recipient at the place of destination,
- c) To be delivered at another location at the place of destination or at another admitted place of destination,
- d) To be delivered to another recipient at another admitted place of destination;

- e) To be made available as per the conditions of Article 4 Paragraph 1 sentence 2 as well as Paragraphs 4 and 5 at a piece goods dispatch point for collection by the recipient.
- (2) The sender must issue the instruction to the piece goods dispatch point competent for the place of dispatch, using the printed form of the transport enterprise and enter it on the acceptance certificate. The transport enterprise confirms the sender's instruction on the acceptance certificate.
- (3) The sender's right to instruct expires if
- a) An instruction by the recipient has taken effect;
 - b) The recipient has accepted the waybill;
 - c) The consignment was delivered to the recipient.
- (4) The recipient may amend the freight contract once, by instructing that the entire consignment be delivered to another recipient at the place of destination. This instruction must be issued in writing to the piece goods dispatch point competent for the place of destination. The recipient may also instruct in writing that, for a fixed period, all consignments addressed to him are to be delivered to another recipient at the place of destination.
- (5) A recipient's instruction is not to be carried out if
- a) It is countered by a sender's instruction;
 - b) The consignment is already on the way.
- (6) The piece goods dispatch point competent for the place of dispatch or destination must promptly carry out or pass on the instruction. Upon request by the instructing party, the instruction must be passed on by telegram, telex or telephone.
- (7) The instruction takes effect when implementation begins or upon the amendment of the waybill by the executive agency.
- (8) The transport enterprise is not obligated to carry out an instruction if
- a) It can no longer be carried out at the time it is received by the office expected to do so;
 - b) Traffic regulations forbid it being carried out.
- The instructing party must be promptly notified accordingly.
- (9) If the extent of the service by the transport enterprise is changed by an instruction, the appropriate freight charge is to be subsequently paid or repaid.

Article 17

Period of Delivery

- (1) The transport enterprise is obligated to deliver the consignment within the period of delivery.
- (2) The period of delivery amounts to
 - a) 2 days up to 100 rate kilometers
 - b) 1 day for each subsequent 100 rate kilometers or part thereof.
- (3) The period of delivery as per Paragraph 2 is increased if consignments have as their destination as per Article 9 Paragraph 2 places where deliveries are made only
 - a) Every second day by 1 day
 - b) Every third day by 2 days
 - c) Every fourth day by 3 days
 - d) Every fifth day by 4 days
 - e) Every sixth day by 5 days
 - f) Every seventh day by 6 days.
- (4) The period of delivery as per Paragraph 2 is doubled for freight only conditionally admitted for transport as per Article 6 Paragraph 2 letters a and b.
- (5) The period of delivery begins at 00.00 hours of the day following the day on which the freight contract was concluded.
- (6) If, due to the recipient's infringement of the provisions of Article 19 Paragraphs 3 and 3, the transport enterprise is unable to deliver the consignment by the day the period of delivery expires, the period of delivery is extended until the next working day, on Sundays and holidays until the next-but-one working day.
- (7) The period of delivery is deemed to have been observed if the consignment was delivered to the recipient before expiry. It is also deemed to have been observed if
 - a) Delivery could not be made within the period of delivery for reasons outside the competence of the transport enterprise;
 - b) The transport enterprise is not obligated to through transport as per Article 4 Paragraph 1 sentence 2 and Paragraphs 4 and 5, and the recipient was notified of the consignment's arrival before expiry of the period of delivery;
 - c) The delivery was ready for collection at the expiry of the delivery period and the waybille prescribed collection by the recipient without notification of the consignment's arrival, or if the recipient forgave notification in writing.

- (8) The period of delivery is suspended for the duration
- a) Of a stop caused by measures of customs organs or other state organs;
 - b) Of a delay in the transport caused by an instruction from the sender or recipient;
 - c) Of a transport obstacle or other interruption outside the transport enterprise's competence;
 - d) Of traffic restrictions ordered, by which the beginning or continuation of the transport is temporarily prevented.
- (9) The transportation enterprise may cite the suspension of the period of delivery only if it has noted the cause and duration of the suspension in the waybill or is otherwise able to bring evidence to that effect.

Article 18

Obstacles to Transport and Delivery

- (1) An obstacle to transport is present if circumstances arise in the carriage of the freight after acceptance and up to delivery, that obstruct the orderly progress of the transport.
- (2) A delivery obstacle is present if the recipient cannot be found, the delivery is impossible due to state measures or reasons outside the responsibility of the transport enterprise, or the recipient refuses acceptance of the consignment as per Article 19 Paragraph 10.
- (3) If, despite all the opportunities offered by socialist production conditions, the transport enterprise is unable to cope with a transport or delivery obstacle, it must promptly ask the sender for instructions, unless the sender has stated in the waybill, who is competent for issuing instructions in the case of such obstacle, or how to proceed. If the obstacle occurs after the recipient changes the freight contract, the latter takes the place of the sender.
- (4) The party informed of an obstacle is obligated promptly and not later than 12 hours from receipt of the notification, in writing, by telex or telegram to issue an instruction possible of implementation; this must relate to the entire consignment. The instruction may initially be given by telephone.
- (5) If notification is impossible for reasons outside the competence of the transport enterprise, or if no instruction at all or no instruction possible of implementation is received within 24 hours of notification, the transport enterprise is entitled to
- a) Return the freight at the sender's expense;
 - b) Sell it at the instruction of the competent state organ or deliver it to a third party;
 - c) Destroy it if it cannot be sold or as per legal regulations.

The sender must be notified of the sale, delivery to a third party or destruction.

(6) The money realized from the sale must be made available to the sender after deduction of the unpaid freight charge and outlay. If the proceeds do not suffice to meet these charges, the sender is obligated to make a subsequent payment. This obligation to subsequent payment persists even when the goods had to be destroyed.

(7) A transport enterprise may deliver to a third party, sell or destroy goods liable to customs duty only after customs clearance.

(8) If the transportation enterprise is responsible for a transport obstacle and

a) Takes measures to remove the obstacle, it must bear the costs incurred in this connection;

b) If the sender requests that the consignment be returned, the transport enterprise must return the freight charge paid and reimburse proven expenses.

(9) If the transport enterprise is not responsible for the transport obstacle, the sender must pay the freight charge and outlays incurred and reimburse proven expenses.

(10) If an obstacle to transportation is the consequence of an unavoidable occurrence, and the sender has issued an instruction for the return of the consignment, he must pay the freight charge and outlay for the part of the transport already completed and reimburse proven expenses. The return of the consignment is free of charge. If the instruction was for transporting the consignment to another point of destination, the freight charge is calculated from the original point of dispatch to the new point of destination.

(11) If the obstacle is removed before the arrival of the instruction, the consignment is to be carried on or delivered. If the obstacle is removed after the arrival of the instruction, the instruction must be followed.

Article 19

Delivery

(1) The transport enterprise is obligated to deliver the consignment to the recipient in exchange for a receipt. The transport enterprise is not obligated to check the authority of persons who accept the consignment on behalf of the recipient at the point of delivery designated in the waybill nor their authority to sign on behalf of the recipient.

(2) Upon delivery by a motor transport enterprise, the consignment is to be handed over on the bed of the road vehicle. Offloading is always up to the recipient unless he has otherwise agreed with the motor transport enterprise. Article 11 applies mutatis mutandi for the period of loading.

(3) The recipient is obligated to accept the consignment Monday through Friday from 07.00 hours to 18.00 hours, Saturday from 07.00 hours to 14.00 hours.

- (4) Recipients with a large freight yield are obligated to accept consignments daily from 00.00 hours to 24.00 hours. The chairman of the competent transport committee decides to which recipients and periods this obligation applies; he may temporarily so obligate other recipients also.
- (5) In the case of deliveries as per Article 4 Paragraph 1 sentence 2 as well as Paragraphs 4 and 5, the consignment must be handed over by the piece goods dispatch point to the recipient against a receipt; Paragraph 1 applies mutatis mutandi in these cases. The recipient must be notified of the consignments' arrival unless he has foregone notification in writing or notification was excluded in the waybill.
- (6) In cases governed by Article 4 Paragraph 1 sentence 2 as well as Paragraphs 4 and 5, transport customers must collect the consignment during the hours displayed at the piece goods dispatch point within 24 hours from notification. If no notification need be made, the period of collection begins at the time the consignment is made available for collection. For private citizens this period is suspended on Sundays and holidays.
- (7) If the recipient must be notified of the consignment's arrival, notification is deemed to have been completed
- a) If by mail, at the end of the third calendar day following the day of mailing the notification;
 - b) If by telegram, at the end of the next day following the day of wiring the notification;
 - c) If by telex, when the teleprinter stops;
 - d) If by telephone, at the end of the conversation.
- (8) If, in cases where Paragraph 6 applies, the consignment is not collected within 10 calendar days from the end of the period stated therein, the transport enterprise is entitled to proceed as per Article 18.
- (9) If the waybill is not to hand at the time the consignment is delivered, a "statement on the delivery of freight" is handed to the recipient instead.
- (10) The recipient may refuse to accept the consignment only if the condition of the goods is so changed due to damage or other loss of value, that it can be neither wholly nor partially used for its original purpose, or if the consignment is not destined for him.
- (11) If delivery of the consignment is temporarily impossible, the recipient must be promptly advised in writing or by telephone. If delivery is impossible even thereafter without the transport enterprise being responsible, the procedure as per Article 18 applies.
- (12) Delivery is also deemed to have been completed if the transport enterprise has

- a) Returned the consignment to the sender due to an obstacle, or on the instructions of the competent state organ delivered it to that organ or to a third party, or sold the goods;
- b) Handed the consignment over to the competent state organ as per that organ's decision;
- c) Made available the consignment for the recipient to offload or collect.

(13) At the end of the delivery period, but not later than 2 months after acceptance of the consignment and presenting the acceptance certificate, the sender may request evidence of the consignment's delivery from the transport enterprise with which the freight contract had been concluded. If the transport enterprise confirms that no delivery was made, the "advice on proof of delivery" in conjunction with the acceptance certificate serves as a record of the facts of the matter.

Article 20

Recording the Facts of the Matter

(1) If a total or partial loss, damage or other loss in value of the goods is noted or suspected or notified by the transport customer, the transport enterprise must promptly record the facts of the matter in writing if the damage might have occurred in the period from the acceptance to the delivery of the consignment. If the transport enterprise either fails to deliver the goods, or if items are missing, and it hands over to the transport customer the appropriate information or advice, these are deemed to be the record of the facts of the matter.

(2) The transport customer must apply to the transport enterprise for recording the facts of the matter

- a) In the case of externally visible damage promptly up to or at the delivery of the consignment,
- b) In the case of damage not visible externally or not immediately evident partial loss, promptly after ascertainment but no later than the seventh calendar day after delivery of the consignment

unless the facts of the matter have already been recorded. In the case of damage up to M30 noted only after delivery of the consignment, the transport enterprise is not obligated to record the facts of the matter vis-a-vis transport customers subject to the scope of the Contract Law, if circumstances reveal that it is not responsible for the damage.

(3) If a transport customer causes or notes damage to transport, loading or handling equipment, small containers, pallets or traffic installations, he must promptly notify the transport enterprise and apply for recording of the facts of the matter.

(4) The facts of the matter must be recorded together with the transport customer. If no joint recording of the facts of the matter is possible, they are, if

at all possible, to be recorded in the presence of an impartial third party. Every party involved gets a copy of the record of the facts of the matter. If the transport customer was not involved in the recording of the facts of the matter, he must be sent a copy.

(6) The record of the facts of the matter is the basis of evidence for claims. Other evidence may be submitted in addition to the record of the facts of the matter. Recording the facts of the matter does not replace the lodging of claims for compensation as per Article 27.

(7) If the recording of the facts of the matter does not disclose any damage or damage previously recorded by the other partner, or no fungible damage, the applicant must reimburse the other partner for the necessary expenses incurred,

(8) Upon total or partial loss of goods carried in small containers or pallets, the recipient must hand over to the transport enterprise at the recording of the facts of the matter the seals on the small container or pallet.

(9) To clear up transport irregularities, the transport enterprise is entitled to consult the relevant documents at the transport customer even after delivery of the consignment.

Article 21

Principles of Material Responsibility

(1) All those involved in public piece goods transport within the scope of this order are responsible for breach of duty as per the provisions of the Contract Law and the Civil Code. They must suffer the legal consequences of the breach of duty.

(2) Insofar as this order or contracts stipulate legal consequences of material responsibility, these are the only legal consequences occurring. Other or farther reaching legal consequences are excluded.

(3) In the case of transport customers subject to the scope of the Contract Law, claims for compensation are lodged or paid only if the damage per consignment amounts to at least M10.

Article 22

Material Responsibility of Transport Enterprises

(1) Transport enterprises are materially responsible to the transport customer for damage to goods occurring in the period from acceptance to delivery, due to total or partial loss, damage or other loss in value, as well as for damage arising when the period of delivery is exceeded.

(2) Compensation for the total or partial loss of a consignment must be paid in the amount of the price fixed in price regulations or in the amount of the consignment's current value at the conclusion of the freight contract.

(3) If it is possible, in case of damage or other loss in value, to restore the goods to a serviceable condition by repair, the costs required for such repair must be reimbursed. If no restoration is possible, the amount of the loss in value must be reimbursed on the basis of the price fixed in price regulations or the current value of the goods at the conclusion of the freight contract. The compensation payable for damage or other loss in value may not exceed the amount payable in the case of total or partial loss of the consignment or the part thereof affected by damage or other loss of value. If compensation is paid for damage or other loss of value as if it had been a case of total or partial loss, the transport enterprise is entitled to retain the goods.

(4) If the delivery period is exceeded, the proven damage must be reimbursed up to the amount of the freight charge paid. If the transport customer proves that the goods suffered a loss in value due to the delivery period being exceeded and which would not have happened if the delivery period had been observed, compensation is payable as per Paragraph 3.

(5) If the delivery period is exceeded and also

- a) Partial loss incurred,
compensation as per Paragraph 4 must be paid in addition to compensation as per Paragraph 2, up to the amount of the portion of the freight chargeable for the part of the consignment that was not lost,
- b) Damage or other loss of value occurred,
compensation as per Paragraph 4 must be paid in addition to compensation as per Paragraph 3,

but the total compensation may not exceed that payable for the total loss of the consignment.

(6) If, after completed registration, the transport enterprise does not accept a consignment for transport or does not accept it as per Article 9 Paragraph 3, it must pay any proven damage arising up to the amount of the freight charge. Beyond this compensation, compensation must be paid as per Paragraph 3, if the sender proves that the belated acceptance caused the consignment to lose value, and that this would not have happened if acceptance had proceeded as agreed.

(7) In the case of the neglect of other duties arising from the freight contract, the transport enterprise must compensate the damage up to the amount of the freight charge, unless claims for compensation arise due to this breach of duty, relating to loss, damage or other loss in value of the consignment, to the delivery period being exceeded or to failure promptly to accept the consignment.

(8) If claims for compensation as per Paragraph 7 coincide with claims as per Paragraphs 2-6, no greater amount of compensation is payable than for the total loss of the consignment. No compensation as per Paragraph 7 may be claimed in the case of the total loss of the consignment.

(9) If the transport enterprise must pay compensation for the total or partial loss of the consignment, it must reimburse for any expenses incurred as per Article 14, in addition to the transport compensation paid for the lost consignment.

(10) Transport enterprises are obligated to compensate proven damage up to twice the maximum amounts fixed in Paragraphs 2-8 or in traffic regulations, if the damage was caused by gross negligence of employees of the transport enterprise.

Article 23

Material Responsibility of Transport Enterprises in Special Circumstances

Transport enterprises are not responsible for damage due to the total or partial loss, damage or other loss in value of the consignment arising, or liable to arise, from one or more of the subsequently listed causes, and for which no other cause was noted as possibly proving the responsibility of the transport enterprise. This is the case if

- a) Goods were carried without packaging or with defects in packaging not obvious at acceptance or acknowledged by the transport customer as per Article 10 Paragraph 6;
- b) Goods were carried that the sender had himself loaded in nonobservance of traffic regulations on packaging and method of loading;
- c) Goods may, due to their natural features, suffer total or partial loss or other loss in value (such as breakage, rusting, seepage, internal spoilage, drying up, scattering, moisture);
- d) Traffic regulations for the transport of hazardous freight or other traffic regulations were not observed by the transport customer;
- e) Some items are missing from small containers or loaded on pallets, the seals or load security devices are undamaged and no other signs of unauthorized intervention noticeable;
- f) Goods loaded by the sender are missing entirely or partially, the seals on the means of transportation are undamaged and no other signs of unauthorized intervention noticeable;
- g) Goods of particularly great value were damaged in transport, and the transport customer had failed expressly to indicate the value, nature and requirements on the handling of these goods.

Article 24

Presumed Loss and Recovery of Freight

- (1) The transport customer may presume the consignment lost if it is not delivered or made available for collection within 30 calendar days from expiry of the delivery period.
- (2) If compensation was paid for the presumed loss of the consignment, and the consignment is subsequently traced, the transport enterprise must promptly notify the transport customer who had received compensation. Within 30 calendar

days from receipt of the notification, the latter may request that the consignment be delivered at his discretion to either the point of dispatch or point of destination listed in the waybill. The compensation paid must be returned to the transport enterprise less the compensation due the transport customer for the period of delivery being exceeded, any possible loss in value or partial loss.

(3) Upon receipt of the compensation for a lost consignment, the transport customer may, in writing, forego notification of the consignment's being traced. In this case, or if he fails to respond within the period stated in Paragraph 2, the transport enterprise may dispose of the consignment.

Article 25

Material Responsibility of Transport Customers

(1) In the case of damage to means of transport, handling and loading, small containers, pallets and traffic installations belonging to the transport enterprise, the transport customer must compensate for any expense incurred for repairs, unless he himself deals with the damage after consultation with the transport enterprise. If repair is not possible or unwarranted in terms of economics, the transport customer must, upon damage to

a) Transport, handling and loading equipment as well as traffic installations compensate the value before damage and the costs arising, less the value of reusable parts or the scrap value;

b) Small containers and pallets pay compensation as for loss.

The same applies if the damage arises due to lacking or defective packaging of the goods, inadequate loading in the case of self-loading or a hazard inherent in the consignment.

(2) If means of transport, handling and loading, small containers or pallets are damaged, the penalty for the loss of use (utilization compensation) must be paid. Moreover, the compensation to be paid includes the freight charge to and from the nearest repair shop unless the damage is repaired by the transport customer.

(3) If small containers or pallets handed the transport customer are lost, double the replacement price must be paid as well as utilization compensation. Private citizens and other transport customers not subject to the scope of the Contract Law need pay only the replacement price plus the utilization compensation.

(4) The transport customer must reimburse for direct damage arising to the transport enterprise or a third party due to

a) Defects in the waybill, its enclosures or documents submitted,

b) The lack of or insufficient (as per Article 10) packaging or marking of the consignment or the hazard inherent in the consignment,

- c) Nonobservance of traffic regulations, in particular on safeguarding order and safety,
- d) The omission or inadequacy of testing the suitability of small containers and pallets for transporting the consignment.

If the transport enterprise had already paid compensation for damage caused to a third party, it must be reimbursed by the transport customer.

Article 26

Contract Penalties and Fees Arising from the Transport Customer's Breach of Duty

(1) If transport customers, excepting private citizens, fail to hand over the goods registered for transport, or fail to accept delivery except in instances involving Article 19 Paragraph 10, they must pay a contract penalty as fixed in traffic regulations in addition to the reimbursement for the abortive attempt at collection or delivery.

(2) Senders, with the exception of private citizens, must pay contract penalties if

- a) Goods excluded from transport or only conditionally admitted for transport were handed over with an incorrect, inaccurate or incomplete description;
- b) The traffic regulations on the transport of hazardous goods and on safeguarding order and safety were not observed;
- c) Goods were handed over without the sender having packaged or loaded them in conformity with traffic regulations, thereby causing order and safety to be threatened;
- d) The weight of the goods was understated in the waybill, and the difference in the weight stated amounted to

at least 5 kg	up to 100 kg
at least 15 kg	for more than 100 kg to 1,000 kg
at least 25 kg	for more than 1,000 kg to 2,000 kg
at least 50 kg	for more than 2,000 kg.

(3) The contract penalty amounts to

- a) M10 in cases of Paragraph 2 letters a-c for each kilogram of weight of the goods involved;
- b) M1 in cases of Paragraph 2 letter d for each kilogram understated in the waybill, in addition to the freight charge to be subsequently paid.

(4) In the case of contract penalties as per Paragraphs 1 and 2, exemption from the legal consequences of responsibility is excluded. Contract penalties as per Paragraphs 1 and 2 are not payable if the breach of duty is due to an unavoidable event or neglect of duty by the transport enterprise.

- (5) In the case of breaches of duty as per Paragraph 2 letters a-c, private citizens must pay a fee of M10 for each kilogram weight of the goods involved, but never more than a maximum of M300, unless they can prove that they did not culpably cause the breach of duty.
- (6) If the sender has committed several breaches of duty as per Paragraph 2 in one consignment, only the highest respective contract penalty is imposed. Vis-a-vis private citizens, the fee is charged only once per consignment. The contract penalty and the fee must be paid even if the breach of duty was subsequently amended.
- (7) The sender must reimburse the transport enterprise for the immediate damage in excess of the contract penalty and the fee as per Paragraph 5.
- (8) Contract penalties and fees are payable within 1 month from receipt of the invoice.
- (9) Contract penalties and fees may be appealed to the transport enterprise within 1 month from receipt of the invoice. The appeal must be lodged in writing and include all objections.
- (10) If the appeal is not lodged or lodged too late or without statement of the causes decisive for the breach of duty, the contract penalties and fees are deemed acknowledged.
- (11) Contract penalties and fees are deemed not acknowledged if the alleged breach of duty is not present, or if--for weighty reasons--the appeal was not lodged or not lodged properly. Contract penalties and fees are deemed not acknowledged as to their amount if the calculation is evidently incorrect.

Article 27

Lodging and Expiry of Claims

- (1) Transport customers and transport enterprises must lodge claims in writing, stating the reasons, the basis of the claim and the evidence for each separate consignment.
- (2) The sender must direct his claims to the transport enterprise with which he had registered the consignment for transport. The recipient must direct his claims to the transport enterprise which delivered or should have delivered the consignment.
- (3) To be attached to the applications are the proofs serving to legitimate the claim. When transport customers claim compensation, they must attach in particular:
- a) The waybill (page 1);
 - b) The acceptance certificate in case the consignment and the waybill (page 1) are missing,

- c) The acceptance certificate for claims as per Article 22 Paragraph 6;
- d) The "notification of missing/damaged goods," if this had been handed to the recipient, or the "notice of proof of delivery" if this had been issued to the sender;
- e) The copy of the record of the facts of the matter;
- f) Records documenting the kind and amount of the damage.

The supporting evidence listed in letters a through 2 must consist of the documents that were issued to the transport customer by the transport enterprise.

(4) If a claim is assigned to a third party, a statement of assignment is required for each consignment and must be attached to the application.

(5) The applicant must be informed which office of the transport enterprise will decide the application.

(6) Decisions on claims for damage due to

- a) Total or partial loss, damage or other loss in value of the consignment must be decided within 3 months,
- b) Failure of the transport enterprise to promptly accept the consignment or an excess of the delivery period must be decided within 1 month

from the day the application was received by the transport enterprise, provided the applicant attached all documents as per Paragraph 3. Otherwise the period begins on the day the lacking documents are received.

(7) Claims on the transport enterprise arising from the freight contract expire upon delivery of the consignment. Excepted from this provision are

- a) Claims for damage due to total or partial loss or other loss in value of the consignment if

- 1. The transport enterprise recorded or certified this damage as per Article 20 Paragraph 1 or omitted to do so for reasons in its responsibility, or

- 2. Application has been made for recording the facts of the matter in the circumstances of Article 20 Paragraph 2,

provided that the claims for compensation are lodged with the transport enterprise for total loss of the consignment within 4 months, calculated from the first day following delivery of the consignment;

- b) Claims for compensation for exceeding the delivery period, if lodged with the transport enterprise within 30 calendar days, calculated from the first day following delivery to the recipient;

- c) Claims for compensation due to failure by the transport enterprise to promptly accept the consignment as per Article 22 Paragraph 6, provided they are lodged with the transport enterprise within 30 calendar days, calculated from the first day following acceptance by the transport enterprise;
 - d) Claims for compensation for damage caused deliberately or due to gross negligence by employees of the transport enterprise.
- (8) On request and unless the claim was decided within the prescribed period, the amounts of the compensation payable by the transport enterprise are subject to 5 percent interest per annum, calculated from the day the claim for compensation was received. No interest charges are payable if they amount to less than M2 per consignment.

Article 38

Statute of Limitation

- (1) The period of limitation for claims arising from the freight contract runs for 1 year.
- (2) The period of limitation begins
 - a) On the 30th calendar day following expiry of the delivery period for claims for compensation due to the total loss of the consignment;
 - b) On the day of delivery in the case of claims for compensation due to partial loss, damage, other loss in value, excess of the delivery period or other breaches of duty;
 - c) On the day payment was made in the case of claims for payment, subsequent payment, or reimbursement of freight charges and outlays or, if no payment was made, the day the consignment was accepted for transport;
 - d) On the day of sale for claims for payment of sales revenue;
 - e) On the day the amount of customs duty was paid by the transport enterprise to the customs organs in the case of claims for payment of an amount demanded by the customs organs;
 - f) On the first day of the month following the breach of duty in the case of contract penalties and fees.

The day listed in letters a through e is not included when calculating the period of limitation.

- (3) The period of limitation is halted by lodging written claims. If the claim is rejected, the period of limitation continues from the day on which the claim was rejected in writing. In the case of the claims listed in Article 27 Paragraph 6, the period of limitation is halted at most until the end of the period of processing. Renewed applications relating to the same claim do not halt the period of limitation.

Article 29

Conflict Settlement

(1) Conflicts arising in the course of the application of this order between transport enterprises and transport customers subject to the scope of the Contract Law will be decided by the State Contract Court unless this order assigns the decisionmaking authority to another state organ.

(2) Conflicts between transport enterprises and private citizens as well as other transport customers not subject to the scope of the Contract Law will be settled by the courts.

Article 30

International Transports

(1) Applicable to consignments to be dispatched by rail in international transport are the traffic regulations for international rail traffic.

(2) The waybill prescribed for the respective international rail traffic is to be used to register the transport of consignments to be handled in through international transport. The sender must add the following entries to the waybill as mandatory data for the railroad:

a) The place of dispatch as per the gazetteer and the designation of the place where the consignment is to be collected;

b) The date of readiness for dispatch;

c) The order for small containers or pallets as per the traffic regulations.

(3) As per the provisions of the International Agreement on Rail Freight Traffic (CIM), additional periods to the delivery period are in effect for the transport of consignments from the piece goods dispatch point competent for the point of destination to the point of delivery. Article 17 Paragraph 3 applies mutati mutandi to their calculation.

(4) Applicable to the calculation of the freight charge and outlays of the railroad for consignments handled in through international traffic are the traffic regulations for international rail traffic. The freight charge and outlays of the motor vehicle transport are separately invoiced as per the provisions of this order and must be paid by the sender upon dispatch and by the recipient upon receipt.

(5) Article 4 Paragraph 1 sentence 1 as well as Paragraphs 6 and 7 of this order do not apply to consignments to be handled in through international transport.

Section III

Provisions for Mixed Consignment Transport by Road

Article 31

Principles

(1) Motor transport traffic organizes the transport of special delivery and other admitted goods in fixed or agreed traffic connections in mixed consignment with the involvement of the railroad. The mixed consignment transport is carried out as

- a) Carrier mixed consignment transport,
- b) Works mixed consignment transport.

(2) Special delivery goods are those that, due to their natural features, economic importance or purpose need to be transported within shorter delivery periods than those fixed in Section II.

(3) In carrier mixed consignment transport, motor transport enterprises are obligated to accept and collect goods in the fixed catchment area of the collection point, combining single items into loads, regularly handling mixed loads in the traffic junctions to the distribution centers, dissolving mixed consignments and delivering and distributing single shipments to recipients in the fixed catchment area.

(4) The motor transport enterprises competent for the organization and implementation of carrier mixed consignment transport, traffic days and catchment areas of the collection and distribution offices are published in traffic regulations.

(5) The chairman of the competent district transport committee decides on the location within the catchment areas of the collection and distribution² offices.

(6) In works mixed consignment transport, the motor transport enterprise is obligated as

- a) Sender of the works mixed consignment load
 - to accept and collect single consignments in the fixed catchment area, combine and dispatch single consignments as works mixed consignment load to one recipient;
- b) Recipient of the works mixed consignment load
 - to dissolve the works mixed consignment load and distribute and deliver single consignments to the recipients in the fixed catchment area.

(7) A contract asd per the sample published in the traffic regulations must be concluded between the transport customer who acts as sender or recipient with a regular and larger freight yield of single consignments in the works mixed consignment transport and the motor transport enterprise on the

implementation of the works mixed consignment transport and the rights and duties arising therefrom.

Article 32

Transport Duty

- (1) Motor transport enterprises are obligated to the through mixed consignment transport from sender to recipient if
 - a) The transport customers observe the traffic regulations in effect for the transport;
 - b) The transport is admissible and feasible on the fixed traffic routes;
 - c) The dispatch and destination points for the goods are in the catchment area of the collection and distribution offices;
 - d) Handling is possible with the equipment available at transshipment points

The motor transport enterprise and the transport customers may agree that the customer should himself deliver or collect consignments.

- (2) Goods sent from senders or to recipients outside the catchment area of the collection or distribution point are carried by mixed consignment transport only if the transport customers themselves deliver such goods to the collection point or themselves collect them at the distribution point.

Article 33

On the Transport of Freight not at all or only Partially Admitted for Transport

- (1) Not admitted to mixed consignment transport are
 - a) Goods as per Article 6 Paragraph 1, except easily perishable and frost sensitive goods;
 - b) Consignments weighing more than 4,000 kg or with a volume exceeding 15 cubic meters;
 - c) Single pieces weighing more than 250 kg and not suitable for handling by handcart;
 - d) Railroad owned small containers and pallets (unloaded or loaded);
 - e) Uncollapsed empties;
 - f) Uncollapsed packaging materials.

(2) Conditionally admitted for mixed consignment transport are

- a) Goods listed in the traffic regulations relating, for example, to the transport of hazardous freight, for which special conditions are prescribed and have been observed;
- b) Easily perishable and frost sensitive goods as well as empties and packaging materials if such transport has been agreed with the motor transport enterprise.

Article 34

Waybill, Transport Registration

(1) Each consignment must be registered with the competent motor transport enterprise for mixed consignment transport by handing over a properly completed 4-part mixed consignment waybill at least 48 hours before the day of transport, unless in individual cases another regulation is agreed with the motor transport enterprise. The sample of a mixed consignment waybill is published in traffic regulations.

(2) If checks of the mixed consignment waybill do not reveal any defects, the registration is deemed completed.

(3) The sender must bear any consequences arising from the lack of or errors in entries in the mixed consignment waybill.

(4) In the presence of reasons not admitting the registered transport on the stipulated day, the motor transport enterprise must promptly advise the sender and agree with him on another day for transportation.

Article 35

Packaging, . Marking and Handing Over the Freight, Loading Schedules

(1) The provisions of Article 10 Paragraphs 1-5 and 8 apply to packaging and marking.

(2) The sender is obligated to hand over to the motor transport enterprise the registered goods Monday through Friday from 07.00 hours to 22.00 hours, Saturday, Sunday and holidays from 07.00 hours to 14.00 hours.

(3) If the registered consignment is not ready for collection, the transport customer must promptly inform the motor transport enterprise. The motor transport enterprise's obligation to transport the consignment expires.

(4) The sender is obligated to load the consignment on the road vehicle within the loading period, unless he has agreed differently with the motor transport enterprise. The loading period amounts to 10 minutes per 500 kg weight or part thereof and begins at the time the road vehicle is made available ready for loading at the point of collection designated in the mixed consignment waybill. The sender must confirm in writing any excess of the loading period.

Article 36

Conclusion of the Freight Contract

- (1) A freight contract is to be concluded on the implementation of the mixed consignment transport.
- (2) The freight contract obligates
 - a) The motor transport enterprise to carry the consignment as per the agreements in the mixed consignment waybill and deliver it to the recipient without loss and undamaged within the fixed period of delivery or, in case the recipient collects the consignment himself, at the point of distribution;
 - b) The transport customers to pay the freight charge, reimburse outlays, carry out prescribed or agreed cooperative actions, observe traffic regulations, accept the consignment and confirm receipt.
- (3) The freight contract is concluded once the motor transport enterprise has accepted the consignment from the sender on the bed of the road vehicle or, in case of self-delivery, at the collection point. The conclusion of the freight contract must be confirmed by stamping the mixed consignment waybill and handing over the acceptance certificate to the sender.
- (4) Subsequent amendments of the freight contract by instructions from the sender or recipient are not permitted.

Article 37

Freight Charge

The freight charge is calculated as per the rate for mixed consignment transport by motor transport (TSK) in effect on the day the freight contract is concluded.

Article 38

Obstacles to Transport and Delivery

- (1) If an obstacle to transport or delivery is present, the motor transport enterprise must promptly obtain instructions from the sender.
- (2) If the sender fails to give an instruction within 12 hours from notification or the instruction cannot be carried out, the chairman of the competent local transport committee, in the territory of which the transport or delivery obstacle has occurred, decides on the delivery of the consignment to a third party or its sale.

Article 39

Period of Delivery

- (1) The period of delivery is fixed by the Minister for Transportation and published in traffic regulations.
- (2) The period of delivery begins at 00.00 hours on the day following the fixed or agreed transport day.
- (3) The period of delivery is deemed observed if the consignment is delivered to the recipient by 24.00 hours of the last day of the period of delivery or made available for the recipient's collection. The period of delivery is also deemed observed if delivery or availability of the consignment was not possible within the period of delivery for reasons outside the responsibility of the motor transport enterprise.

Article 40

Delivery

- (1) Upon delivery by the motor transport enterprise, the consignment must be handed over on the bed of the motor vehicle against a receipt. Offloading is normally up to the recipient unless he has agreed differently with the motor transport enterprise. Article 35 applies mutatis mutandi to the period of loading.
- (2) The recipient is obligated to accept the consignment Monday through Friday from 07.00 hours to 22.00 hours, Saturday, Sunday and holidays from 07.00 hours to 14.00 hours.
- (3) In case of the recipient's collecting the consignment himself, he is obligated after notification by the motor transport enterprise of the consignment's arrival to promptly collect it and confirm receipt.
- (4) Upon presentation of the mixed consignment waybill, the sender may request the motor transport enterprise competent for the point of collection after the end of the period of delivery but not later than 2 months from acceptance of the consignment to bring evidence of the consignment's delivery.

Article 41

Recording the Facts of the Matter

- (1) If the motor transport enterprise notes or suspects the total or partial loss, damage or other loss in value of the consignment, or if the recipient notifies same, the motor transport enterprise must promptly and in writing record the facts of the matter if the damage may have occurred in the period from acceptance to delivery of the consignment.
- (2) The recipient must request the motor transport enterprise to record the facts of the matter

- a) If damage is visible externally, upon delivery of the consignment,
 - b) If damage is not visible externally or partial loss not immediately evident, promptly after ascertainment but no later than 7 calendar days from delivery of the consignment.
- (3) If a transport customer causes or notes damage to transport or handling equipment or traffic installations, he must promptly notify the motor transport enterprise and request recording of the facts of the matter.

Article 42

Material Responsibility, Lodging and Expiry of Claims Statute of Limitations

- (1) The provisions of Articles 21-29 apply mutatis mutandi to the material responsibility of those involved in mixed consignment transports, lodging and expiry of claims and period of limitation.
- (2) If the period of delivery fixed for mixed consignment transport in the traffic regulations is exceeded, the motor transport enterprise is obligated to grant a discount. The amount of the discount derives from the difference between the freight charge as per Article 37 and the freight charge that would have to be paid as per Article 14. Claims from Article 22 Paragraph 4 are not affected thereby, the price discount is to be credited to the compensation payable.

Section IV

Concluding Provisions

Article 43

Issue of Instructions and Price Regulatory Provisions

- (1) The Minister for Transportation will issue instructions and price regulatory provisions for the implementation of this order. He will issue the price regulatory provisions in coordination with the head of the Price Office. The instructions and price regulatory provisions must be published in the TARIF-UND VERKEHRSANZEIGER (TVA).

Article 44

Effective Date, Transitional Regulation

- (1) This order takes effect on 1 June 1984.
- (2) Losing effect on the same day are:
 - a) Order (No 1) of 25 November 1966 on Piece Goods Transport by Rail and Road --Piece Goods Transport Order (StTO)--(GB1 II No 144 p 921);

- b) Order No 2 of 14 August 1967 on Piece Goods Transport by Rail and Road--
Piece Goods Transport Order (StTO)--(GBI II No 82 p 574);
 - c) Order No 3 of 23 February 1971 on Piece Goods Transport by Rail and Road--
Piece Goods Transport Order (StTO)--(GBI II No 31 p 252);
 - d) Order No 4 of 10 December 1981 on Piece Goods Transport by Rail and Road
--Piece Goods Transport Order (StTO)--(GBI I 1982 No 2 p 82).
- (3) This order applies to all contracts to be fulfilled after it takes effect.

Berlin, 15 February 1984.

The Minister for Transportation

Arndt

FOOTNOTES

1. Currently in effect is Article 18 of the Decree of 10 December 1981 on Public Freight Transport by Rail, Inland Shipping and Road Transport--
Freight Transport Decree (GTVO)--(GBI I 1982 No 2 p 13) in conjunction with Article 2 of the Second Implementing Regulation of 10 December 1981 to the Freight Transport Decree--Instructions for Load Transports by Inland Shipping--(GBI I 1982 No 2 p 42).
2. In effect at this time is the Rate for Piece Goods Transports by Rail and Road (TSt), No 2 (gazetteer).
3. In effect at this time as per the TARIF- UND VERKEHRS-ANZEIGER (TVA) No 38/6/83 is the Order of 1 March 1983 on Loading Freight Cars and Containers as well as the Packaging and Method of Loading of Certain Freight--Loading and Packaging Order (BV)--Part 2, Guidelines for Judging the Packaging of Freight and the Method of Loading of Certain Freight
4. In effect at this time as per the TARIF- UND VERKEHRS-ANZEIGER (TVA) No 153/20/79 is the Order of 30 January 1979 on the Transport of Hazardous Freight (TOG)--.
5. In effect at this time as per the TARIF- UND VERKEHRS-ANZEIGER (TVA) No 80/11/79 are the freight transport instructions for piece goods transport, Part Issue 3.

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HUNGARY

GREATER BUSINESS FUTURE FOR SMALLER ENTERPRISES SEEN

Budapest KULGAZDASAG in Hungarian No 2, 1984 pp 21-33

[Article by Ivan Schweitzer, candidate, department head of Institute for business and Market Research: "The Magnitude of Hungarian Machine Industry Enterprises and their Market Behavior"]

[Text] For decades the development of Hungarian industry's enterprise organization has been characterized by centralizing processes, mergers and amalgamations. The consequences of this are clearly visible in the machine industry: the number of enterprises has continually declined and is very small by international standards. Within this, large enterprises with over 1000 employees are in an overwhelming majority in the state industry, and the number of mid-sized enterprises and those having less than 100 employees is very small. A concomitant to this extraordinary structure--"the inverted pyramid"--is the enterprises' monopolistic situation and also that numerous goods and parts which could be effectively manufactured in small enterprise production again and again become articles in short supply for lack of an entrepreneur. The relative absence of mid- and small-sized enterprises (10-100 employees) causes difficulties in other ways, because, on the basis of supply obligations it diverts the large enterprises to a compulsory path and obstructs the evolution of healthy cooperation and market relations among enterprises. Enterprise size also significantly influences the conduct of the machine industry enterprises as it relates to foreign markets and export. Relations with the socialist countries and holding their ground on the capitalist market necessitates different modes of behavior and conduct. In CEMA relations, the governmental level dominates; the production composition of the commodity trade and the decision-making - agreement system is in harmony with the centralized large enterprise organization. In contrast, the requirement of increasing capitalistic export necessitates the utilization of lesser possibilities, the provisioning of appropriate spare parts and servicing and most of all the flexible development of the production profile in accordance with market trends. The machine industry enterprises which conform to the domestic and CEMA situation have hardly gotten used to these requirements. For development of the domestic market and adaptation to international market relation, it is

also necessary, among other things, to correct the enterprise size structure.

In the Hungarian machine industry, the decline of the number of independent enterprises began immediately after the nationalization was implemented at the end of the 1940's and lasted almost continuously till the 1980's.¹ In the state industry the most important form of the process was the amalgamation by the authorities of the existing enterprises, or the merging of smaller enterprises with larger ones; in the cooperative sector it was amalgamation. The centralization process was reinforced that during this time not many new enterprises were established.

The reason for the centralization process is complex. One of its premises was the illusionary belief in the absolute and ubiquitously dominant advantage of large scale management. This was reinforced by the opinion--which simplified and distorted scientific facts--that the advantages of concentration, i.e., savings of size (economies of scale) and mass production could only be attained by increasing the organizational units, even if they may not be realized at least could be attained more quickly. In addition to these ideological approaches in practice it could be observed all along that the central macroeconomic management continually tried to handle the management's difficulties which became aggravated at certain regular intervals--especially as a result of the unsatisfactory development of cooperation between domestic enterprises--with organizational changes and centralization. (More about this later.)

In the centralization process certain periods of compression could be observed. Such was the 1962-63 reorganization of large state industries which very strongly affected the machine industry. The number of machine industry state enterprises declined from 313 at the end of 1961 to 197 at the end of 1964, during which time the number of employees per enterprise rose from 854 to 1525. This represents an extremely high concentration of manpower which is unparalleled in the world.

Following this, from 1968 the year of the mechanism reform, the centralization process was interrupted for a few years: between 1968 and 1970 the number of machine industry state enterprises even increased a little, temporarily rising above 200. Then from 1971--as a result of the mergers beginning again and continuing evenly every year--with uninterrupted decline, it reached the nadir in 1979 when only 155 enterprises remained and their average number of employees became even more extreme; it rose to 2340(!) employees.

A similar process took place in the realm of machine industry cooperatives. Their number declined from 200 at the beginning of the 60's to 147 in 1967 and then rose to above 170 between 1968-1974. Hereafter it began to decline and at the nadir in 1979 it was 155--coincidentally it is also numerically in agreement with the state enterprises.

If therefore we further examine the numerical trends, it could still be demonstrated that a change had occurred since 1980. The statistical data shows that in 1980 the number of enterprises in the state machine industry still increased only by one, but in 1981 it increased by 10 and again by 10 in 1982.

The cooperative circle likewise expanded; the increase in the number of machine industry cooperatives was 4 in 1980, 3 in 1981, and 4 in 1982--excluding the new type, the so-called small cooperative. The number of enterprises and cooperatives in 1982 did not reach the level of 1968-1970; thus the increase could not be called spectacular. Despite this, because of numerous other signs, great significance must be attributed to the fact that the merger process evident till 1979 has ceased; as a matter of fact an opposite process has begun. In 1980 the organizational units of several large enterprises became independent.

Effective 1 January 1981, the Gabor Aron Machine Factory and the Sopiana Machine Factory left Egyesult Izzo; the Accumulator-and Dry Cell Factory left VBKM; and three rural factory units, the Bonyhad Enamel Ware Factory, the Kecskemet Enamel-and Tub Factory and the Salgotarjan Iron Foundry and Fireplace Factory became independent of the Lampart Enamel Industry Works (since then called Lampart Chemical Industry Machine Factory).

The process continued in 1981. The VBKM was dissolved; its five factory units continue to operate as independent enterprises. (These are: GANZ Switch and Instrument Factory; EL-CO Electrical Instruments and Installation Materials Factory; Electronic Instruments and Material Factory (EKA); Electrical Equipment and Electronics Enterprise; Elekthermaz Enterprise, Papa.) The Sheetiron Factory and the Writing Materials Factory became independent from Elzett effective 1 January 1982. New enterprises were also created. The Microelectronic Enterprises was created from the Telecommunications Research Institute and from the experimental semi-conductor manufacturing division of Egyesult Izzo. The MEDICOR Works created a subsidiary called MEDAKKU.

However, in 1982 according to indications, the emphasis of the process was shifted from emancipating the factory divisions of large enterprises to the small enterprise and the so-called small business circle. The winds of change also affect the enterprises under the supervision of councils. The most significant change in this area was the break-up of the AFIT Auto Repair Trust and the organization of the GELKA Machine Repair Service enterprise into 39 and 71 local small enterprises, respectively. Other local machine industry service enterprises are also being formed. Only in 1982 could a more significant change be observed in the industrial cooperative realm: nearly two dozen new machine industry small cooperatives were created. This large-scale increase is already a part of the upswing which recently appeared with regard to the creation of the so-called "small businesses."

The formation of the enterprise organization during the 3 1/2 decades-old history of the Hungarian centrally planned economy occurred in a strongly centralized way and was based on centrally made decisions. As we have already mentioned, the centralization organizational changes aimed at solving, or rather, more accurately, alleviating the centrally perceptible economic difficulties, although in general they did not even achieve this more modest goal. The enterprise organizational changes which have occurred since 1980--making the factory divisions of certain large enterprises independent, dissolution of the national headquarters of local service enterprises, and last but not least, support for the formation of small businesses--are indicative of the new reaction of the central macroeconomic management system to the

difficulties accumulating over the last few years throughout the world and also in Hungary. One of the first formulations of this attitudinal change were the self-critical words of Lajos Faluvegy, then Minister of Finance, on the earlier processes which were spoken in the summer of 1979 during the summer session of the National Assembly: "Our large enterprises swallowed up the smaller, usually local enterprises, en masse thereby gaining manpower, premises and security instead of loose contractual relations, but often thereby increasing their prestige and perhaps their monopoly. We must self-critically admit that during the past decade the central macroeconomic management system has also contributed to this process by choosing the easier path and by easily acknowledging the sectorial and local interest." (NEPSZABADSAG, 15 June 1979.) In our opinion--and the Hungarian economists agree for the most part--that the organizational-institutional issue, and within this the cessation and reversal of the enterprise centralization process, have a significant role in the long-term solution of the current problems of the Hungarian economy. The example of the machine industry shows especially well that earlier centralization and mergers did not contribute to the increasingly more difficult tasks facing the country's industry; as a matter of fact, the over-centralized organization became an extensive obstacle for the economic problems. In this short study, we wish to scrutinize precisely those phenomena so as to clarify for the reader how the overcentralization came into conflict with the recognized and heralded economic tasks which in the end must engender a very strong force to eliminate overcentralization.

However, prior to that, we will characterize the extent and nature of the overcentralization with some data.

Enterprise Magnitude at the Beginning of the 1980's

The size of the enterprises as characterized by the number of their employees in most of the countries of the world--essentially with the exception of countries with centrally planned economies--in industry we find a "pyramid" whose base is composed of a large mass of small businesses and in which, with an increase in employees, increasingly fewer businesses may be found approaching the peak. In contrast to this in Hungary--an exceptionally extreme case even amongst the countries with planned economies--an "inverted pyramid" may be depicted. The number and proportion of enterprises with over a thousand employees is unprecedentedly high; the number of mid-sized enterprises having between 100 and 1000 employees is less than this and by international standards is extremely low, especially if they are compared to countries with market economies. The number of smaller state and cooperative enterprises with less than 100 employees is also in accordance with the "inverted pyramid" i.e., negligible.²

The Hungarian state machine industry is also characterized by this sort of "inverted pyramid" distribution. (In this breakdown, I discovered data on state enterprises. In the machine industry cooperatives, the "inverted pyramid" is probably less pronounced; in all certainty, the proportion of mid-sized enterprises having between 100-1000 employees is greater.) According to the 1981 data of the state machine industry, 8 small, 54 medium, and 104 large enterprises were operating. (See table 2.) If for comparison we examine similar data of several Western European countries, we may see that the number

Table 1. The Formation of the Number of State Enterprises and Cooperatives in the Machine Industry

Year	State Enterprises	Cooperatives	Year	State Enterprises	Cooperatives
1960	318	200	1971	189	172
1961	313	180	1972	188	171
1962	303	181	1973	186	172
1963	202	169	1974	182	172
1964	197	155	1975	178	167
1965	193	153	1976	163	167
1966	191	150	1977	160	162
1967	188	147	1978	156	158
1968	202	160	1979	155	155
1969	201	172	1980	156	159
1970	202	171	1981	166	162

Source: Statistical Yearbooks, Central Statistical Office, Budapest

Table 2. The Size of the State Machine Industry Enterprises According to the Number of Physical Laborers at the End of 1981

	Up to 100	101-1000	Over 1000	Total
Machine Industry Breakdown:	8	54	104	166
Machine and Mechanical Equipment Industry	4	18	32	54
Transportation-Vehicle Industry	--	10	20	30
Electrical Machine and Instrument Industry	1	6	11	18
Telecommunications and Vacuum Engineering Industry	1	5	12	18
Precision Engineering	2	6		22
Metalware Industry	--	9	15	24

Source: Statistical Yearbook, 1981. Central Statistical Office, Budapest

Table 3. Dimensional Structure of Machine Industry Enterprises in Several Countries (the Number of Enterprises According to Size Categories)

Country	Under 100 Employees	100-1000 Employees	Over 1000 Employees	Total
Machine Industry (Total)				
England (1973)	11,800 ^b	3,499	565	15,864 ^b
Austria (1975)	1,580	414	32	2,026
Belgium (1970)	5,520	388 ^c	120 ^c	6,028
Denmark (1975)	1,717 ^d	213	42	1,972 ^d
Holland (1963)	27,743	637	46	28,426
GDR (1975)	1,621	1,013	330	2,964
Italy (1971)	200,003	1,832	132	201,967
Switzerland (1975)	1,343	374	36	1,753
Hungary (1981) ^e	8	54	104	166
Breakdown: Vehicle Industry				
England (1973)	1,954 ^b	710	209	2,873 ^b
Austria (1975)	154	47	3	204
Belgium (1970)	420	43 ^c	27 ^c	490
Holland (1963)	14,439	143	15	14,597
Italy (1971)	1,897	214	26	2,137
Switzerland (1975)	99	33	3	135
Hungary (1981) ^e	--	10	20	--

^aRegarding western European countries: establishment data; ^bOver 100 employees;

^c100-500, or over 500 employees; ^dOver 6 employees; ^eState enterprises

Note: For more detail of the limits and legitimacy of comparisons with establishment data, see: Ivan Schweitzer, "A vállalatnagyság" ["Enterprise Size"], Kozgazdasági és Jogi Kiadó, 1982, pp 21-23.

Source: National Statistical Yearbooks

of Hungarian state machine industry large enterprises (104) was nearly the same as the combined machine industry large enterprises of, for example, Austria, Holland, and Switzerland in the 1960's, or rather, the 1970's (114). The comparison of the data on the extent of the domestic absence of small and mid-sized enterprises even "at a glance" provides at least as surprising a picture.³

In the final analysis the phenomenon of the "inverted pyramid" means that as a result of the authoritative centralization and organization decisions, a size structure was created in the Hungarian machine industry in which the large enterprises are in a majority and there are very few small and mid-sized enterprises. The international comparison by itself does not demonstrate that this size structure is distorted; it only shows the divergence from the usual. The fact that there is distortion may be demonstrated by an analysis of the efficiency of the economy.

In the analysis of the development of Hungarian industry--with the inclusion of the Hungarian machine industry--many people have frequently pointed out that the source of the numerous unfavorable symptoms of organizational over-centralization obstructs development and the improvement of efficiency. In what follows we will try to show a few very damaging consequences of enterprise magnitude which had evolved. However, we must emphasize that we are indeed clear about the fact that the disproportionality of enterprise magnitude is only one of the causes and one of the factors of the economic problems described below. Numerous other causes also play a role; for example the quality of enterprise management, the insufficiency of information exchange among enterprises, and chiefly, formulated in the most comprehensive manner the concrete system of macroeconomic management and the economic mechanism which, contrary to the accepted principles, still does not provide sufficient leeway for the assertion of market processes and effects. Here we are trying to stress the intertwining series of causes and effects of a few management problems related purely to enterprise magnitude.

Domestic Cooperation and Specialization and Enterprise Magnitude

In Hungary--similarly to other countries with centrally planned economies--after the transition to a socialist national economy, the notion that came to dominate in development and activities of macroeconomic management was that every important economic question must be encompassed by central planning, economic processes must be guided by central foresight and, in this, the market must not be permitted to have an important role, since the market with its own spontaneous effects which cause anarchy obstructs systematic order. Later after it became perceptible that central planning was unable to fulfill the above expectations which also extended to everything else, it gradually became accepted that the market must also be given a certain scope and that market forces could also operate in the interests of the goals of society. Even today, the greatest differences of opinion and debate among the economists of the socialist world are about how great and of what nature should the role of the market be in the socialist planned economies.

This is a question of vital importance with regard to the development of socialism, but its exposition does not fit within the scope of this study.

Let us be satisfied with noting the important fundamental position that the market may not be neglected and instead of restricting it to the background, its expansion and regulation are the tasks to be solved. In our further inquiries it is also important to take into consideration that in the various economic spheres and areas /central planning and the market/ [in italics] must play a role in /different proportions/ [in italics] in the various economic spheres and areas. This position is important to us because the machine industry--the subject of our inquiry--by virtue of its nature makes it particularly difficult for central planning to fully encompass and direct the production process with regulations (planning directives). The machine industry is an assembling type of industry. The activities of the machine industry enterprises are divided in such a way (if we disregard the service activities) that one part of them (primarily) manufactures parts and subassemblies while the other part (primarily) assembles them. This type of production process--which essentially assumes the existence of a highly developed cooperation between the manufacturers of parts and subassemblies and the assemblers--especially requires direct contact among enterprises, their independent decisions and their market agreements. Incidentally, there are differences even within the machine industry insofar as the extent to which the earlier programs--and today in the CEMA relations--were able to encompass the details of the production processes. The more varied and the more divergent the technological subassemblies are which must be used to manufacture a complete machine, the more difficult it is to centrally organize cooperation and the more need there is for the cooperation of many enterprises based on market agreements. In most cases, even at the cost of great effort, cooperation was not successfully organized by using planning directive methods, despite the fact that industrial guidance was seriously burdened by the glossing over of difficulties regarding interenterprise relations. In the case of those goals deemed to be the most important, cooperation was organized on the basis of central development programs, especially the programs of the early 60's, which tackled with numerous difficulties and their success was not satisfactory in every case.⁴ Organizational centralization seemed to be an obvious solution by which cooperation could be transformed into an internal enterprise matter--instead of its centralized organization. Thus it was necessary to merge the manufacturing of the parts and subassemblies needed for production into the enterprise assembling the finished machine. This consideration was already an important justification for the merging of enterprises in the machine industry even at the time of the great 1962-63 industrial reorganization.

In Hungarian usage, the production of the numerous elements, subassemblies and parts necessary for the manufacture of finished products is usually designated as a "background industry" activity. This is not an easily definable category, but in the machine industry it designates production which specialized enterprise usually perform as cooperative partners for the creation of the final product for the enterprises which issue the finished machine. In Hungary, the low quality of "background industry" activities is considered a factor which seriously damages the effectiveness of machine industry production.⁵ In essence, this means the low level of interenterprise cooperation. The elimination of the underdevelopment of the "background industry" activities and cooperation could not be solved simply by the expansion of enterprises centrally targeted to this end. The "background industry" enterprises did not

fulfill the hopes tied to them--we will return to the inevitability of this; therefore, the solution in the ever growing end-product manufacturing machine industry enterprises seemed to be the creation of an "in-house background industry" through mergers and investments.

However, this was not a solution by any means from the viewpoint of efficiency. Why not? Primarily because from the viewpoint of the formation of efficiency, that the cooperating parts and subassembly manufacturers be organized into independent enterprises has very great significance. In numerous instances, the most demanding activity in the machine industry is not the assembling but rather the production of certain subassemblies. The organization of subassembly manufacturing into independent enterprises enables these enterprises to become specialists in their own fields and to consider the development and competitiveness of their "background industry" products as their own affair. In addition to this, in the areas of their independent emergence onto the market, their production series could be increased, making the skimming off of magnitudinal savings (economies of scale) possible. Their independent emergence onto the market would mean the servicing of more buyers and the formation of a buyer's circle, moreover, one which could even extend beyond the country's borders--in the event of the existence of other prerequisites. Significant advantages would stem from all this regarding the country's industrial development and the development of international economic relations which would be lost in the event of "in-house background industry".

All this shows that in truth the favorable development of machine industry could come about even domestically on the basis of individual contacts of independent enterprises which are also appropriate regarding market conditions. We must seek the origins of the difficulties in cooperation in the lack and underdevelopment of enterprise market relations. This is, in part, a traditionally Hungarian (East European) disease: the development of the market never attained a high level in the area. On the other hand, the negation of the role of the market, followed by its underevaluation and the destruction of market relations developing again and again among enterprises with newer enterprise reorganizations, made development impossible in this area. Again, it is beyond the scope of this study, but it is worth noting that the attainment of market maturity and the nurturing of comprehensive interenterprise relations is one of the key issues facing the Hungarian economy.⁶

The development of market conditions and the emergence of cooperative relations among independent enterprises was very seriously impeded by the distorted scale of enterprise magnitude, the "inverted pyramid". The existence of specialist parts and subassembly manufacturers and assemblers assumes a wide scale of enterprise magnitude in which there is a sufficient number of small and mid-sized enterprises. The "deliverers" of the parts and subassemblies do not necessarily have to be small enterprises--this is a rather widespread mistake in the Hungarian trade press; in numerous cases, the subassembly manufacturer is the large enterprise and the assembling enterprise manufactures specialized finished products from the subassemblies. But it is certain that significantly more small and mid-sized enterprises are needed for the establishment of favorable cooperative conditions than there are presently. Under the circumstances that have been created in the Hungarian machine industry,

the small and mid-sized enterprises have been revalued precisely because of their small numbers. The products of those manufacturing circles which could be organized most effectively in small and mid-sized enterprises have very often become scarce goods on the domestic market because a manufacturer was not found. Thus the existing small enterprises could choose to manufacture the products which could be produced most advantageously, and by and large not--or not gladly--agree to be merely the "deliverers" of a large enterprise. Thus on the one hand, the distorted scale of enterprise magnitude caused the wide range of scarce goods and on the other, obstructed enterprise relations, cooperation and market development. The road to the solution is an increase in the number of enterprises and the establishment of independent specialists.

The Conduct of Hungarian Machine Industry Enterprises in Foreign Trade Relations

Hungary counts as a small country by global standards--although it is not among the smallest in Europe--and Hungarians, including economists, justifiably attribute great importance to this. The effect of the country's size can also not be ignored in the machine industry. The fulfillment of machinery needs which play a key role in the economic development of a small country requires openness, significant international economic relations and foreign trade in machines. This in itself would force large-scale international cooperation and commodity trade. The simple fact that the need (demand) for machines in a small country is more widespread and encompasses a larger production sphere (is more diversified) than what could be effectively supplied domestically necessitates the importation of machine industry products from abroad to avoid shortages and to satisfy the demand (not only finished machines but also subassemblies and parts, since from the viewpoint of tying down production capacities, these are no different from finished machines). On the other hand, in a significant production sphere, a production series size which could be called profitable could only be attained if there were exports (this again refers to both finished machines and to parts and subassemblies). With the expansion of international relations, effectiveness could be significantly increased, and it would become possible for the manufacturers to become specialists, also on an international scale, and for their competitiveness to grow.

In the Hungarian machine industry, these effects and requirements have prevailed relatively little during the past one-third century. One important reason for this, in addition to numerous other factors, is that Hungarian machine industry production is significantly influenced --and divided in a particular way-- by sales to three markets: the domestic market, the capitalist world market and the market of the socialist countries each make different demands on the enterprises. This difference is apparent, to a certain degree, in the differing product structure. To a certain extent it is also evident--although increasingly less so--in that the acceptance capacity of the three markets regarding quality, standard and reliability differ from each other. With regard to the conduct of the enterprises, the most important difference ultimately does not lie here, but rather in that /differing conduct is required and made possible by the three markets/ [in italics].

Domestically, as we have seen, the conduct of the enterprises could be fundamentally characterized as monopolistic. This has to do with the over-

centralized enterprise magnitude, the creation of artificially merged large enterprises (through official action) which brought both the large enterprises as well as the remaining (few) small and mid-sized enterprises into a monopolistic situation. In fact, to this day, the effects of elevating this monopolistic situation into a fundamental principle by the guidance and management systems with the creation of supply responsibility and accountability in various production spheres (profiles) in the 60's have not subsided.⁷

What was the situation in the foreign markets? Already from the beginning of the 1960's, the Hungarian machine industry strove very seriously to increase its participation in the international division of labor and to utilize the advantages of specialization (differentiation). During this time, the greatest part of the effort in this area was related to participation in the specializations among the CEMA countries.

The trade among CEMA countries is based on coordinated planning occurring on the governmental level. During the course of the coordinated planning, a detailed and, to a very large extent, quantitative quota for foreign trade products participating in foreign trade are fixed--for each 5-year planning period, and then again each year--which are not simply viewed as target numbers but as an agreement ("compulsory" quotas). In machine industry relations, these plan agreements were in part dependent on specialization agreements which were likewise concluded on the governmental level.

At the beginning of the 1960's, during the period which to a large extent also determined the present-day CEMA international division of labor, there was an upswing in machine industry specialization activity and an increase in the number of agreements. Although the majority of the specialization agreements were not realized in their original form, their significance was nevertheless decisive, since they initiated a good many trends in production and trade structure which are still effective today. Among others, the public vehicle program is like this, which after numerous modifications, finally resulted in the manufacture of the IKARUS buses which were very important with regard to the country's foreign trade.

The determinant in relations with CEMA countries is not that enterprise faces enterprise, but that the relations are on a governmental level. The central economic policy goals and the enterprise's own aspirations which are accepted by the governmental agencies are inseparably intertwined at the negotiations. When a central development plan is created on the basis of a specialization agreement, a base-enterprise will become its major participant. The enterprises participate jointly with the governmental agencies (decisively with the sectorial ministry) in implementing the program, working out the plan, organizing the necessary investments and having the investment cost allocation approved. Often, striving for the advantages of specialization, they also count on the creation of CEMA cooperation in central development plans. It is well known that Hungary, in extending international cooperation related to the bus program, exercised an exemplary and stimulative effect on the entire CEMA.

The plans provided for the importation of fuel-feeder pumps, drive shafts, servo-pumps, mechanical transmissions, sliding bearings, front carriages,

hydromechanical transmissions, cold starters, telescopic shock absorbers and other productive parts from the Soviet Union, Poland and Yugoslavia. According to the plans, cooperation was to be mutual; we would export engine casings, pistons, axle housings, generators, power steering units and motors to the Soviet Union, Poland, GDR and Yugoslavia. Only one part of the plan was implemented but the remaining cooperation agreements are not free of problems. Nevertheless, in the final analysis, this experiment may be classified as successful and of outstanding importance.

The greatest problem is this system of machine industry relations among CEMA countries, as many in the trade press have pointed out, is that the enterprises do not sufficiently realize the risks involved nor is their responsibility asserted effectively enough.

The machine industry agreements among the CEMA countries--regarding both commodity exchange trade and cooperation--represent governmental obligations. The developments (central development program and other investments) related to these and the production itself are governmental matters of primary importance. As we have indicated, pressure was placed on the inclusion of enterprises--together with other sectors--already at the time the agreements were being resolved. Nevertheless, it is unavoidable that the responsibility is divided between the government and the enterprises in the decision-making process and accordingly, also in the implementation. This influences enterprise conduct to a significant extent. The enterprises have, at all times, the opportunity to bargain for resources above their government allocations--by citing unforeseen circumstances. In this way, despite the best efforts and intents of enterprise managers, the effect of the lack of risk is reinforced. This is also supported by a "cost what it may" attitude of implementing plans whatever the price.

As a consequence of the many administratively organized participants, adaptation to the continuous changes in circumstances is extremely difficult--in fact, we could say that it is postponed, the costs increase, the investments and production estimates are fulfilled late and only partially. But most importantly, because of the combination of these factors, the investments and the production costs exceed the estimates and their profitability and suitability to demand in numerous cases becomes questioned. The enterprises are not alone to blame for this, although they are often rebuked. The difficulties stem from the nature of the thing--starting with the foundation of the enterprise to the usefulness of the product to the user: in reality, the responsibility for the venture is not entirely the concern of the enterprise; it is rather, or at least seemingly, the implementor.

The roles of the enterprise and government in the development of CEMA trade are intertwined, even if the government sets the tone. The governmental agencies must constantly keep in close contact with the enterprises, and this is not a small task. Because of the nature of the situation, it follows that the government primarily counts on the large enterprises when creating interstate agreements, and elevates the large enterprises into key players when organizing central development programs or new products for CEMA export. This determinant

role of the large enterprises is reinforced by the fact that the Soviet Union's huge buyer's market is enormous for the CEMA countries; it alone creates a demand for the manufacture of an extremely large series of each machine industry product, the fulfillment of which could only be arranged in large enterprises. In numerous Hungarian machine industry manufacturing branches, very large capacities were developed with large-scale investments to satisfy this demand, and naturally these were organized in the framework of the large enterprises. However, it is worth noting that this production, based on large scale and precoordinated quotas, was often reached (if at all) by the large, preferentially treated investments with many difficulties; in contrast, certain developments of smaller size and importance which were not so much the center of attention and were based on looser value quotas which smaller enterprises (most large cooperatives) undertook on their own were more successful.

The above critical approach to the central development programs does not mean that we would discard this macroeconomic management method. The outline characterizing the practices of the machine industry central development program to date--above all, the sharing (to the point of disappearance) of responsibility and assumption of risk, and the inflexibility and postponement of adaptations to the timely changes in circumstances in the planning and implementation process --merely suggests the question of whether or not this macroeconomic management method should only be used in the most warranted cases, in the event that the utilization of the market regulatory instruments is in all probability, fruitless. In our opinion, in a significant proportion of the machine industry market instruments, enterprise decisions which are independent but influenced by regulators make possible the more effective solution for economic development tasks and are more accommodating to the circumstances, even if they are occasionally coupled with state aid. However, for this to occur, the parallel development of market relations is also necessary, and the rectification of enterprise organization and a certain degree of change in their distorted magnitude is also indispensable. Serious problems are raised in terms of suitable machine industry enterprise conduct towards the third member of the three large market groups (domestic, socialist and capitalist), the markets of the capitalist countries. The problem also has an important historical aspect: the socialist countries, including Hungary, discovered the importance of relations with the capitalist markets thirdly in terms of time too--after the domestic and socialist. The beginning of this process could be placed in the mid-1960's. In Hungary during this time, "export orientation" became the economic policy slogan formulated against the earlier autarchic tendencies and general import substitution, and to a large extent it aimed at product development so as to become increasingly competitive on the markets of the capitalist countries both in product composition and quality.

It cannot be said that Hungarian industry could show good results in realizing these goals even during the economic prosperity of the 1960's. In the 1970's, the effects of the crisis symptoms which developed in the world economy unambiguously indicated that the changes in production composition and qualitative standards which would result in a secure position on the world market did not occur in Hungary, despite continued strivings and formulated goals.

In truth, we could say that this process--the process of accommodating to the

terms of the capitalist market--actually has not even begun in Hungary, including in the machine industry. Those far from negligible results which we succeeded in reaching with the capitalist countries in machine industry cooperations and the exportation of certain machine industry products were isolated, and could not be considered a part of a thriving, expanding, successful and effective process.

There are numerous reasons for this. Even if the intent to relate to capitalist countries and to enter the world market is unambiguous, the intent is not enough. In what follows, we would like to point out that in the Hungarian economy the methods which would have prepared the industrial enterprises to hold their ground in the capitalist market were never developed and did not have a chance to be utilized. More specifically, the milieu in which the Hungarian industrial enterprises move is adapted to domestic and socialist marketing conditions and the conduct of the Hungarian enterprises exhibits a great degree of habituation to this milieu. On a general level this means conformity to central initiatives and expectations, monopolistic conduct stemming from the shortage situation, convenience in disregarding changes, inflexibility and an unsatisfactory interest in the financial results and profitability of the enterprise, behind which stands the responsibility for the completed venture which is shared with the center and the possibility of bargaining of costs and results which occur because of this. This is, of course, a generalization and an exaggeration. A good portion of the enterprises manage, even amidst the shortages and monopolistic conditions, the sometimes contradictory expectations of the central agencies, and the possibility of bargaining related to this, to operate with maximum honesty and success, as long as it does not conflict with their interests--or, to use the usual phrase, to follow the "national economic interest". And in the present economic situation, the strengthening of competitiveness on the capitalist market is "in the national economic interest"--this is unambiguous, even in government statements.

However, we have again returned to the question of "how". Without being complete, let us examine more closely what the unfavorable conditioned reflexes of Hungarian enterprise conduct are which must be replaced by a new type of reaction in order to succeed in capitalist market relations.

Let us first examine a smaller but not negligible peculiarity: earlier, Hungarian enterprises--both industrial and foreign trade enterprises--became used to giant-sized business deals which in a global sense occur relatively infrequently in the machine trade. This is a consequence of the totally exceptional possibilities on the socialist market in this area--as we have indicated. The production structure (product composition) based on the possibilities in the socialist market--in our opinion this is also valid for the machine industry--is rather concentrated, the export structure is even more so.

In connection with this statement, it is unavoidable to take a detour since the opposite view is generally widespread and many, primarily in industrial circles, consider further product concentration necessary. It is without doubt that a concentrated product structure is advantageous to the manufacturer. However, market and demand situations may not be disregarded. In our opinion,

a significantly varied (diversified) product and product-type structure would be necessary to find favorable capitalist market opportunities. Where does the notion arise in Hungarian industrial circles that Hungarian enterprises, e.g., the machine industry enterprises, manufacture too many products? In the face of this, is it at all possible to realize the more diversified product structure which we find desirable?

Among other things, the answer to this question is closely related to the problem of enterprise organization and magnitude which we have already examined. What is the point? The enterprise sphere which consists of few members and an exaggerated number of large enterprises, perceives the product line which must be manufactured on the basis of supply obligations too wide because the number of products to be manufactured within an enterprise has been concentrated to an excessive degree. This same product selection (spectrum) would not be perceived as excessive by a machine industry organization consisting of several enterprises in which smaller and larger enterprises would operate in a division better adapted to their tasks. (Another aspect of the matter is that the country's machine imports do not sufficiently ease the burden of the machine industry, whose capacity, stemming in the final analysis from the country's size, could not be large enough to manufacture an overwhelming proportion of the wide machine selection demanded domestically. Machine imports, besides the fact that their quantity is also relatively smaller than that of the majority of similar sized countries, have a very concentrated selection of products.)

Another problem, similarly not the most significant but one which strongly disturbs the relations with capitalist buyers, is the custom which developed in the machine industry and trade of handling normal services (prospectus supply, appropriate delivery, installation, service, spare parts supply, etc.) as a nuisance by the Hungarian enterprises. In the domestic shortage market and CEMA sales which were established by compulsory central agreements, they did not become accustomed to considering it their interest to perform these functions on a suitable level. However, these are elementary norms in capitalist relations. Since this article emphasizes the interrelations to enterprise magnitude, let us note that the unfulfillment of these requirements is also related to the lack of small, specialist service enterprises--while remembering that in this case we are not primarily discussing the questions affecting enterprise size.

Finally, let us mention the more comprehensive problem of maintaining one's position in the capitalist markets. Competitiveness on the capitalist market assumes more effective production, lower level of costs, better quality of products and a more flexible reaction to the market. In the domestic shortage situation and in the system of CEMA relations based on central product quotas where the price and profitability is divorced from the costs and where products may be sold for a fairly long time without modifications, the enterprises are not compelled to restrict the level of costs, to satisfy high technical-qualitative requirements and the constantly flexible development of products. It is fundamental, that change in this area could be reached with the development of the domestic market and the strengthening of the role of the market mechanism in the relations among CEMA countries, in addition to the fact that significantly

greater scope than at present must be created for the positive effects of world market requirements by increasing the openness of the economy. In relation to our more restricted topic, an increase in the number of specialist machine industry enterprises would aid to a great extent the better accommodation to world market requirements and also promote the development of domestic market relations.

With regard to the latter, we must note that the matter of establishing "small businesses" (private ventures, small cooperatives, etc.) which became so important and rose to the forefront during the past 1-2 years, may not be totally identified with the need to correct enterprise magnitude. For the development of cooperative relations among specialist machine industry enterprises based on independent decision-making, a significant increase in the number of well-equipped and highly technical small and mid-sized enterprises with 10-100 and 100-1,000 employees respectively is unavoidable, which cannot be achieved merely by way of increasing the number of "small businesses" or--according to the new terminology--"auxiliary economies". In all certainty, it will also be necessary to make the loosely related factories and sites of large enterprises independent in the future.

FOOTNOTES

1. Table 1 gives a picture of the formation of the number of machine industry enterprises that took place since 1960.
2. I must note that in the industrial activity, I omitted the inclusion of the private small industry which plays a very limited part under the given conditions and the "second economy" which conducts non-legalized activities in depicting the "inverted pyramid", not only because of statistical difficulties, but also because I do not consider it warranted. With regard to the private small industry, the restriction on the number of employees, the limitation of the operational sphere, the limitation of machine and materials supply and numerous other limits to date has pushed private activity to the periphery. Up until most recently, the private artisans could employ a maximum of four employees. Let me draw attention to the fact that in a good many western European countries, this number of enterprise employees falls below the lower limit of statistical consideration. For similar reasons, I also rejected taking into consideration the "second economy" which is very important in other respects but is by definition peripheral to industrial production. I have examined the significance of the "inverted pyramid" more extensively in my book entitled "A vallalatnagysag" [Enterprise Size].
3. Naturally, in this instance the statistical comparison is only suitable for the characterization of trends and ratios since the data refers to considerably divergent periods of time, categories and spheres. However, the trends appear so "blatant" that in comparison, the statistical error could only be insignificant.
4. Cf., Ivan Schweitzer, "Central Decisions-Enterprise Efforts (Machine

Industry Development Programs in the 1960's)", GAZDASAG No 1, 1980.

5. This problem was most thoroughly discussed in the study of Mihaly Laki entitled "The Development of the 'Background Industry'" (GAZDASAG, No 3, 1980).
6. In the analysis of market relations I relied on the study of Kamilla Lanyi entitled "Enterprises, Markets, Competition" (KULGAZDASAG, No 10, 1979).
7. Cf., Ivan Schweitzer, "A Few Interrelationships of Enterprise Organization and the Economic Mechanism", KOZGAZDASAGI SZEMLE, Nos 7-8, 1981.

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2500/260

FINANCE MINISTER DISCUSSES ECONOMIC PROBLEMS

Budapest MAGYAR HIRLAP in Hungarian 6 Apr 84 p 7

[Interview with Finance Minister Istvan Hetenyi: "Let Equilibrium Improve"]

[Text] The fundamental goal of this year's national economic plan is the strengthening of the economic equilibrium, increasing our competitiveness, besides safeguarding the already attained level of the income of the population and the supply of goods. In light of the unfavorable foreign economic conditions that seem to be prolonged, and the agricultural losses incurred due to the drought during the last year, inevitably the question is raised: will changes occur in the judgment of our principal objectives? Finance Minister Istvan Hetenyi has answered these and other economic and managerial questions in his interview given to Ferenc Pichler, staff member of MTI [Hungarian Telegraph Agency].

[Question] How could guidance help?

[Answer] Among our goals that continue to occupy the first place is the maintenance of our international solvency, increase of convertible currency in foreign trade balance and decrease of the foreign liabilities as well as improvement of production and export structures. We have to accomplish our goals in such a manner that--without underestimating the significance of reducing imports, the moderating effects of domestic consumption, including the abatement of investments and their restraining effects on imports--the determinant factor should be the increase of exports.

In the stabilization of the economic equilibrium a greater responsibility than before awaits industry due to last year's poorer harvest results--although the agriculture achieved a lot in the sphere of animal husbandry--since the accomplishments of the industry are essentially decisive factors in the development of exports.

It is to be expected that the new elements of guidance--wage regulations, more flexible pricing rules and development of reserves--will create somewhat more favorable conditions than those in the last year, needed for more rational economic management, at least for some of the enterprises.

In the interest of avoiding subsequent restrictions of the purchasing power, we have to safeguard very carefully the harmony between the achievements and incomes. Much will depend on the success the enterprises have in basing earnings on achievements. Management would definitely have to help to improve efficiency, to change the production structure. One should avoid obstructing or paralysing the formation of economically justified earnings, the flow of manpower or modernization of the structure of production with liberal assistance, with trivial measures.

Greater Loss

[Question] How does the budget help to bring forth the formation of the equilibrium of the people's economy?

[Answer] The goal of our efforts in producing a balanced government budget is to create equilibrium in people's economy. The stabilization of a balanced budget is a requirement of vital importance. The 12.2 billion forint budget deficit in 1982 had been reduced to about 7 billion forint in 1983, and in the current year, we estimate that the deficit would be only 3.5 billion forint.

We are also reducing enterprise subsidies as well as price supports paid from the budget. We are lowering the budgetary establishment expenditure growth rate to a level of approximately five percent. We are demanding thriftiness at each budgetary organization, and wherever it is possible, we start modernizing the organizational structure.

We reckon with a 4-5 percent increase in payments. The slowing down of the expenditure growth rate is also important in eliminating the need for increased taxation of the enterprises in disproportionate, excessive ways, which could thwart their concerns. Unfortunately, it still cannot be stated that we were able to fully harmonize the revenue production with the viewpoints of the enterprise interests.

[Question] How could one summarize the general experiences of the management of enterprises, and how do you see the agenda in this respect?

[Answer] The numerical characteristics for the 1983 entrepreneurial management provide lessons. The earnings of the enterprises and cooperatives last year were 5.5 percent higher than in 1982. In the same period of time 70 economic units closed their year with losses the sum total of which--after redistribution of profits within the trusts--was 6.3 billion forints.

As compared to the year before, the number of enterprises showing losses and not having adequate capital has increased. This indicates that under more difficult economic conditions the differentiation of the financial-economic situation of enterprises is getting stronger. The sum of enterprise funds accumulated from profits--in consequence of the increasing budgetary withdrawals--has decreased. At the same time it is a welcome fact, that most of the managers have well adapted themselves to the newly developed

situation, their entrepreneurial attitude has increased, and in this manner they have been able to counter-balance--more or less successfully--the difficult economic circumstances. It should be a warning though that violations of financial discipline are quite frequent, regardless of the fact that the requirement for abiding by the provisions of the law is not just some kind of exaggerated financial meticulousness. The best perceptible rating of the enterprise management as a whole, though, is provided by the fact that the national income is increasing. The merit for this goes to the enterprises.

The Purpose of Further Development

[Question] What are the principal characteristics of the plans and conceptions related to the further development of the economic guidance system?

[Answer] We want to develop the economic guidance system in a manner that would result in the strengthening of enterprise independence and the expansion of flexible entrepreneurial conduct that would induce and motivate more efficient management. These are the objectives of the tasks directed towards the complex further development of the economic guidance system the principal directions of which are already set. The further development of economic regulatory system--by means of the inter-connected series of steps executed in the pricing, taxation and subsidizing--is aimed at strengthening the interest in profits and further liberalization of wage management. The changes aim at the gradual elimination of production subsidies that are not needed from a socio-political point of view either. We wish to affect changes in the evaluation of energy sources, making more expensive the burdens of live labor promoting the more rational selection of live labor and embodied labor costs. We expect, from the modifications of the regulators, and from the development of economic competition, that the profits of the enterprises should better express the real efficacy, the differentiation should influence in effect the growth potentialities of the managing organizations. All of this may be realized if the further development of the other elements of economic guidance would also contribute in an increased degree to the expansion of the independence of enterprises, to the extension of entrepreneurial attitude, and to the increased success of market relationships.

12520

CSO: 2500/303

HUNGARY

MINISTRY DEFINES SITUATION, GOALS OF GRAIN PROGRAM

Budapest MAGYAR MEZOGAZDASAG in Hungarian 11 Apr 84 pp 4-5, 7

[Speech by Gabor Magyar, deputy minister: "The Developmental Goals of Grain Production]

[Text] A national conference on grain production was held on 6 April in Szolnok. At the conference, the national guidance organs, the interested scientific research institutions and commercial organizations, and, furthermore, the leaders and specialists of the large agricultural enterprises discussed the timely problems of grain production. The conference was attended by Jeno Vancsa, minister, Istvan Szabo, president of TOT [National Council of Producer Cooperatives], Imre Kovacs, deputy department head of the Central Committee of the MSZMP, Dr Karoly Majoros, first secretary of the Szolnok Megye Committee of the MSZMP.

The opening lecture was given by Gabor Magyar, deputy minister.

A Basic Food and Export Item

During the first half of the 1960's--on an area 13 percent larger than at present--6-6.5 million tons of grain were produced; during the second half of the 1970's, grain production was doubled; with the record grain yield in 1982, we approached 15 million tons. Such rate of production increase could not be achieved in any of the other branches of agricultural production.

Our conditions are particularly favorable for wheat and corn production. The 1.7 tons per hectare of wheat production 20 years ago was increased to 4.4 tons, and the 2.6 tons production average of corn was increased to 5.7-5.8 tons. So far our record yields were 4.7 tons of wheat and 6.8 tons of corn. With these production yields we came abreast with the vanguard of production of countries with the most highly advanced agriculture and, with the average yields of our two main crops, we are on 2nd and 3rd place among the leading countries. In the level of production, only countries such as the United States in corn yield, and England and France in wheat yield are ahead of us. If we intend to keep up with the developed nations also in the future, we cannot let up on the further intensification of production.

However, our domestic grain production has a very important characteristic, referred to as "standing on two feet." In examining the grain production yields over many years, it can be concluded that in some years the wheat and in other years the corn yield is higher. Over a 20 year period, there were only 2-3 years in which both grains produced equally high yields. Therefore it is important for us to give equally preferred treatment to increasing both the wheat and corn yields because only this way can be best moderate the losses in yield caused by the weather.

Grain production plays a significant role in the national economy and a determinant role in agriculture. Its national economic importance stems from the fact that the basic food supply of the population fully depends on the grain yield while the branch export is determined by it. During the last few years, 12-13 percent of the average yield served direct nutritional purposes (bread, bakery products, noodles), 70-75 percent were used as grain feed to raise animals, that is, it was the base for meat, milk and egg production and thereby also of the food supply.

With respect to the foreign currency economy of the country, it is important that about 12-15 percent of the marketable grain is exported directly; furthermore, more than 50 percent of the foreign currency income of the agrarian branch is derived from animal products made by using grain fodder and exported. In addition, we were able to provide the population with a gradually increasing, good level of supply.

The determinant role of grain production is totally unequivocal in the agricultural establishments. On the national average, its sowing area occupies 62-63 percent of the arable land. The gross production value of the annual grain yield is nearly 50 billion forints; furthermore, through the use of grain feed in animal raising, it serves as the base for earning an additional 80-90 billion forints in production value. These represent a source of income to the agricultural establishments without which the foundations of a successful enterprisal management could not be provided. Thus, grain production becomes a determinant factor in the development of agriculture as a whole.

During the current plan period, the grain and meat programs are the foremost tasks in agriculture. According to production projections, over a 5-year period (between 1981-85), 71-72 million tons of grain must be produced, a 15 percent increase compared with the amount produced during the previous plan period. The projections can only be fulfilled if the sowing area for grains will reach or exceed 2.9 million hectares in the country each year and if there is a gradual increase in total production in such a manner that in 1985 we will harvest 15.5 million tons of grain. Simultaneously, yields of the individual species must be increased in such a manner as to reach an average yield of 5 tons of wheat and exceed an average yield of 6 tons of corn by 1985.

During the past 3 years of the plan period, a total of 41 million tons of grain was produced. On a pro-rated basis, this is 3.2 percent below the projected amount. In evaluating these achievements, it must be considered

that the weather was unfavorable for growing spike grains during each of the past 3 years. Moreover: in 1983, every type of grain was greatly affected by the drought. The meteorological data unequivocally indicate that, during the recent past, our weather has provided increasingly less precipitation than average and there also was an increase in average temperature. Compared with the average values of the past 30 years, there was a precipitation decrease by 78 mm in 1981, 52 mm in 1982 and already 166 mm in 1983. The lack of precipitation has not been replaced to this day but continues to increase.

Therefore, our tasks are great. The projected 71-72 million tons of grain can be produced within the plan period if we collect 15 million tons of grain this year and 15.5 million tons in 1985.

What is the Promise of the Land?

Our noted plan counts on 2,910,000 hectares of grain sowing area. Of this, autumn wheat should take up 1,350,000 hectares, autumn barley 170,000 hectares, spring barley 120,000 hectares, rye 70,000 hectares, oats 40,000 hectares and corn 1,160,000 hectares. The average per hectare yield projections are 4.8 tons of wheat and 6.0 tons of corn. Compared with the projection, about 60,000 hectares of autumn spike grains were sown in excess by the agricultural enterprises. The wheat sowing areas exceeded 1.4 million and autumn barley 180,000 hectares, respectively.

These days, the stocks of autumn grains are weaker than in previous years.

Because of the dry weather, part of the sowings only sprouted during the winter and early spring. An estimate of the situation was made more difficult by a 3-4 week delay in the vegetation. In some of our enterprises, the sparse sowings were overseeded with spring barley. But on a nationwide scale, we expect 30-40,000 hectares with such weak vegetation that it will not pay to keep it. We consider it the most urgent task that an estimate be made again field by field and a decision be made concerning the further fate of thin, weakly developed grain crops. Our recommendation is that wheat fields on which the vegetation fails to promise at least an average crop yield--in accordance with local conditions-- should be disk-harrowed or ploughed under and suitable areas should be replanted with corn!

In order to strengthen weaker than average vegetation, greater than usual attention must be paid to a continuous supply of nutrients. It must also be reckoned with that thin vegetation will be exposed to an increased danger of weed growth; therefore, adequate preparations must be made for chemical weed control. During the later stages of growth, the labor aimed at protecting from various pests should be combined with fertilization through the leaves.

The Corn Sowing Area Can Be Increased

Fulfillment of the 1984 grain production goals requires that, in addition to replacing the ploughed-in autumn grains, at least as much corn should be

sown as last year. This amounts to 1,160 hectares in the country. Enterprisal plans reveal that the cooperatives and state enterprises wish to sow corn on an area less by about 30,000 hectares than this figure. We are strongly emphasizing that very important national economic and enterprisal interests depend on at least reaching the projected level of corn sowing area because corn has a greater genetic potential than the spiked grains. The immediate accomplishment of this task can provide greater assurance for fulfilling our grain production plans. We know that the country and also the enterprises have a given size of arable land. But even knowing this, we cannot accept the arguments that there is no more soil area for the missing corn. Fields where roughage and mass fodder plants are now grown can and must be utilized. Although the enterprises have decreased their fodder growing areas in recent years, even the current area is considered by us as excessive. In our opinion the yields per unit area and the quality of the product that can be gathered in could be considerably increased already within a year and thereby areas could be freed for the corn.

We do not intend to limit the sowing area for sunflowers with regulations. We consider the projected area realistic. However, we do encounter pursuits by the enterprises--and these must be mentioned--which are professionally unacceptable. Increasing the concentration of the area and neglecting a professional rotation of crops can bring about unforeseeable consequences. In 1982, there already were a good number of enterprises which learned through direct experiences how damaging it can be if the above mentioned requirements are not fulfilled. They must also keep in mind that the chemicals needed for raising sunflowers they can only expect for the projected area.

Double-crop planting must serve the fulfillment of grain production goals. Increasing the area in this manner can be recommended especially to enterprises equipped with irrigation systems or located in areas with higher precipitation. Plants which are harvested early, such as peas, autumn barley or the perennial papilionaceous plants turned over early--which occupy a 250-300,000 hectare area in the country--provide the possibility for being followed by a second crop. Considering all of this, our judgment is that there is a very realistic base for utilizing 150-160,000 hectares for double-planting this year. Of this, the area for super-early corn varieties can be as much as 90-100,000 hectare. This area, while capable of producing about 1.5 million tons of mass fodder, can, at the same time, replace a significant grass-planted fodder area or it can provide the base for upgrading densely planted silo-corn into grain corn.

The Conditions for Grain Production

1. Biological Foundations

In the system of preconditions for grain production, the biological bases, that is, the yield-capacity of mass produced varieties and hybrids is of outstanding significance. We can unequivocally state that, in recent times,

there has been a very significant advancement with respect to the supply of varieties and of seed grain. Merely within the past 3 years, 10 varieties of wheat, 7 varieties of barley and 19 hybrids of corn were given state qualification. Including the newly qualified varieties, currently there are 20 wheat and 72 corn hybrids in public production. The enterprisal yield capacity of the wheat varieties is 6-7 tons per hectare and of corn hybrids it is over 10 tons per hectare. Of the qualified varieties and hybrids, the proportion of the best ones has been increasing continually and dynamically. We have also paid increased attention to improving the quality of seed grains. By 1981, the reconstruction of industrial plants for hybrids was completed. Parallel with it, we raised the quality requirements for seed grains and tightened state controls. An evaluation of the "cold test" was introduced. The security of the seed grain supply was promoted by building adequate reserves.

The use of corn hybrids or rather its nationwide variety structure was modified in favor of the faster growing varieties which, in addition to a more certain yield, also offer the possibility of being dried with a lower expenditure of energy. There was a parallel arrival in commercial production of hybrids which are eminently suited for various energy saving modes of storage.

Again this spring, the seed corn supply is adequate. It is true that the considerably increased enterprisal demand--compared with last year--for some 3-4 favorite hybrids cannot be satisfied. Nevertheless, we must conclude that the biological potential for corn production has further increased, also in comparison with last year's.

The broad selection of varieties makes it possible for the producing enterprises to sow hybrids suitable for their conditions.

We consider it very important that the time of sowing and soil temperature are selected by the enterprises in such a manner that replantings become necessary to the least possible extent.

2. Replacment of Nutrients

With respect to a harmonious nutrient supply, a very varied picture developed among the enterprises in recent times. On a national average, for wheat they use 300-320 kg and for corn 380-400 kg per hectare of active ingredients in a mixed chemical fertilizer. The leading grain producing enterprises, in proportion to their yields, work with 40-50 percent higher doses than the average while in enterprises achieving low average yields, the low level of chemical fertilizers used has already caused nutritional disturbances.

In response to the increased use of chemical fertilizers in previous years, the nutrient content of our soils and thereby their nutrient supply capacity has increased. This enrichment of our soils is also clearly indicated by the soil testing results. Unfortunately, this enrichment misleads the

specialists of the enterprises in many cases. It has happened that, because of misapplied economic considerations, they have cut back on the use of chemical fertilizers.

Nevertheless, they note that the yields did not drop, or even increased--as a result of other favorable conditions. In such cases, they find their "practice" justified. But they fail to consider that the nutrients accumulated in previous years are decreasing after all and they are practicing depletion of the soil.

Based on the research results and on the experiences of the leading enterprises, we unequivocally call attention to the fact that the current yields of autumn wheat and corn can only be increased if there is a significant increase in the use of nutrients.

In the interest of nutrient replacement in accordance with the agronomic demands, the conditions for increasing the use of chemical fertilizers must be provided. Careful attention must also be paid to make chemical fertilizers an accessible means of production on farms with unfavorable growing conditions, that is, also in places where the financial difficulties are more pronounced.

On the basis of this year's chemical fertilizer purchases it can be concluded that the majority of our enterprises is increasing the use of chemical fertilizers. Namely, by now about 15 percent more chemical fertilizers were purchased this year than during the comparable period last year. We expect that the distributing enterprises will ensure the supply of chemical fertilizers during the remainder of the year--within practical quality standards.

3. Plant Protection

In the autumn spiked grains, there is no plant protection problem or danger of damage needing immediate attention.

The chemicals needed for weed killing--with some changes in the selection--are available. It is possible that commerce will not be able to satisfy every quality demand everywhere and at any time but every weed killing can be accomplished with other products of identical effectiveness.

The supply of insecticides and fungicides is similar to that of the previous years. The quality composition varies taking into account the requests from the farms and the possibilities.

In Megyes of the Central Plains and in certain regions of Transdanubia, there is a strong infestation by field mice and in some places by gophers. Therefore, a well organized and controlled fight against rodents is an important task to be accomplished now. Later, in the midst of tall vegetation and on vast plots, it will no longer be possible to do it. As long as the weather is dry, one need not count on the more massive appearance of wheat diseases. On the other hand, the dry weather provides favorable conditions

for the massive appearance of insect pests. Among them, circumspect preparations must be made to fight especially the young crop-bleaching insect (it appeared over significant areas last year). Leaf aphids pose the danger of similarly great damage. Because the stand of the wheat is weaker, both in amount and maturity, than the average of many years, keeping the stands in the best condition is a very important plant protection task. We request constant readiness for and great attention to it from the specialists of farms, and of plant protection and agrochemical stations.

Just to mention the nearest task in time: if the weather turns warm without transition then, because of the rapid growth of vegetation, chemical weed killing must be accomplished within a few days.

4. Irrigation

Country-wide, the agricultural enterprises have about 300,000 hectares of irrigable land. In the current situation it is particularly important to exploit the irrigation possibilities as fully as possible. Although on a national scale the proportion of irrigable areas for grains is not large--if grain is planted on irrigable land as a result of crop rotation, or if there is any possibility of irrigation at all--it is, nevertheless, necessary that we exploit the installations in these areas in the interest of increasing the grain yield. We call special attention to the fact that hybrid seed corn should be grown under irrigated conditions as far as possible. In addition, we consider it important that the farms should utilize the possibilities provided by irrigation also when growing double-crops.

5. Mechanization

During the years past, the level of the material and mechanical basis of grain production underwent a qualitative improvement--in spite of our investment and import difficulties--and there was a considerable increase in its capacity.

The basic soil-cultivating tools--ploughs, discs, combined seed-bed cultivators--were supplied according to the demands of the farming enterprises. The capacity of spiked grain seeding machines was expanded. The quality of the seeding by the new type of machines is very good. We continue to consider it an important goal to satisfy the demands. The corn seeding machines manufactured under a license (IH Cyclo 400, IH Cyclo 800) can be effectively used by the farm enterprises. We consider it significant that the most recently licensed, high-performance seeding machines are already available for this year's seeding. The proportion of technical tools providing an outstanding quality of seeding was further increased by setting to work more than 200 Becker 12-row seeding machines. But we also know that the farming enterprises will also be using a significant number of low-performance corn seeding machines. With all of them combined, our opinion is that the farm enterprises will be able to sow the corn at the optimal time and in even better quality than earlier.

The composition of the machines used for plant protection and the restitution of nutrients--in spite of the advancements--in adequate. Although it is sufficient in terms of total machine capacity, nevertheless, more than half of the equipment fails to satisfy the requirements. Under such conditions it is particularly important that these machines be utilized by our farms in the best possible way, and that the unfavorable effects of working with more outdated machines be reduced by increased circumspection.

The combine capacity available for harvesting grain crops is sufficient in its totality. In the wake of this year's investments, the proportion of modern harvesting machines will be considerably more favorable. Of course, in addition to the higher capacity machines, there continues to be a need for the circumspect use of machines with a 4-6 kg per second pass-through capacity.

We continue to rely broadly on the agricultural machine industry of the socialist countries. Also in the years to come, the GDR will be our largest supplier of grain combines. The E-514 harvesting and threshing machines with a 7-8 kg per second pass-through capacity were set into operation beginning from 1983. These can be considered as intermediate-category machines. The new type of "Bison Record" machines can also be classified into this category.

In the interest of harvesting at the proper time--both within and outside of the country's borders--the possibilities of cooperation among farming enterprises must be exploited also in the future. By setting to work the larger capacity tractors, the capacity of the power machine pool was also increased. A sufficient number of large-capacity tractors is available for ploughing. In the wake of measures taken to increase the pool of heavy, universal tractors, there is improvement also in this respect. Additional purchases were also initiated.

In gathering mature corn, the shelling technology and artificial drying were predominant up until the last few years. In the framework of the energy saving program, we have worked out the technology for storing wet corn, and for the crushed gathering of the ear and of the entire corn plant. The expansion of these technologies is in progress.

(In 1982, about 1 million tons of corn were preserved wet. We expect that, in 1985, facilities will be provided to preserve about 2 million tons of corn without drying. To realize it, work on advancements in this area must also be continued.)

In accordance with the decision of the Economic Committee, the domestic manufacture of several modern, energy saving machines is being started. Progress can be expected mainly in the production of soil cultivating tools, machines for feed production and installations for the economical distribution of chemical fertilizers.

The Intensive Grain Production Program

Initiated in 1980, the goal of the intensive grain production program is a complex further development of the generally applied production technology utilizing the most recent research results, and the most modern chemicals and engineering-technical methods. We expect from the intensive grain production program that, on large areas and on a prolonged basis, 8-9 tons of corn and 5.5-6 tons of wheat per hectare should be produced. Our important goal is that the energy, time and money expenditures should be sensibly lowered by the technology, with a simultaneous increase in yields. We expect that, on the intermediate range, this program should lend a perspective and further possibilities for progress in the technological advancement of our grain production and through it in plant hybridization, in the chemical and machine industries and in all related areas of technical development.

The program is being realized in several phases. The first phase included 134,000 hectares in 1981; and the expectations were fulfilled by the results. Already in the first year, the baseline figures of 4.5 and 6.4 tons of wheat and corn, respectively, were increased by 0.26 tons of wheat and 1.9 tons of corn per hectare. In the second year, the yield increase was 0.56 tons of wheat and 2.56 tons of corn per hectare. Increases in yield were achieved even during the drought year of 1983.

During the elapsed 3 years of the first phase, the yields increased by 84,000 tons of wheat and 376,000 tons of corn.

Based on the favorable results of the first phase, the second phase was announced in 1982 on a 156,000 hectare area. This became reality in 1983. Phase three was announced in 1983. This program contains the up-to-date mechanization of 300,000 hectares of grain field and the construction of modern storage areas for about 800,000 tons. Of the planned agricultural machine investments within the program, the machines needed for autumn sowing in 1983 had arrived and the corn sowing machines are available for the current sowing period while the additional lines of machines and tools are in the process of getting there.

Thus, in their totality, the already accomplished investments of the intensive grain production program make it possible to apply the most modern production technologies--according to current knowledge--on a more than 500,000 hectare area sown with grain. The results so far obtained also confirm that this program is an important requisite for fulfilling our grain production goals. By completing the program, intensive grain production will become a reality on a 600,000 hectare area. We wish to continue this development as soon as the conditions for it can be met.

In the agricultural enterprises, grain also has a decisive financial significance and, therefore, it is not immaterial what increase in income through production this branch is capable of. Since 1977, the per hectare costs of wheat production increased from 8500 to 12,000 forints (40 percent) and of corn production from 12,000 to 18,000 forints (50 percent). During the same time, the average selling price of wheat increased by 6 percent and of corn by 19 percent. The increase in buying prices and in production yields offset the increasing costs.

The income per 100 forints of production costs is 30 forints in the case of wheat and between 20-30 forints in the case of corn. This figure shows that we were able to maintain the income-producing capacity of the branch even under the increasingly more difficult conditions.

In recent years, several measures were taken to improve the interests of the producer and to stimulate the planting of grains on suitable areas. Beginning with 1982, enterprises with poor potentialities or supported for other reasons have been receiving end product price supplements for spiked grains. The extent of this price supplement is currently 23-28 percent. In 1982, we have introduced a grain production bonus which has affected every grain producing enterprise. In response to these stimulatory measures, there has been an increased willingness to produce, and the regional planting of grains was shifted in a favorable direction.

This year, the grain production bonus was discontinued but it was incorporated into the buying up prices. Thus, in comparison with last year, the current buying up price of wheat is being increased by 240 forints per ton and of corn by 200 forints per ton.

We are considering that grain production in its totality--with good farming practices--should provide adequate incentives for the enterprises.

Unfortunately, the supply of precipitation continues to be unfavorable to agriculture. Therefore, in preparing the beds for spring sowing, it is very important in the interest of preserving the available soil moisture that the enterprises use as few procedures as possible to prepare the soil and they apply methods aimed at preserving soil moisture. After cultivation, the soils must be sealed as rapidly as possible. Unless absolutely necessary, the surface of the plots should not be disturbed.

It is confirmed by numerous experiences that the success of growing corn is fundamentally influenced by the quality of the seeding and the correct density of planting according to local conditions. It is very important that the seeding machines be repaired in every farming enterprise and that organizational preparations are made to complete seeding within 8-10 workdays.

Those who guide and who perform the work play the greatest role in performing good quality work and maintaining technological discipline. Under the current situation, precise work is demanded particularly stringently. We know the specialist crews of our enterprises and their devoted, competent workers. They are capable of also solving the current tasks, they merely must have suitable tools handed them, their tasks must be defined unequivocally, and the work and its quality must be overseen more now than before.

It is an indispensable requirement that irrigation systems be built in our enterprises which increase the financial incentive for the involved workers, managers and laborers. Systems which stimulate the further

improvement of the quality of work and its accomplishment at the optimal time. In the process of achieving our production goals, these are the most important current tasks of the managers and workers of our enterprises. These should be stimulated by also utilizing our possibilities inherent in the socialist work competition.

2473

CSO: 2500/325

ADVISORY GROUP DRAFTS NEW REPORT ON ECONOMY, RECOVERY PRIORITIES

Warsaw ZYCIE WARSZAWY in Polish 3 Apr 84 pp 1-2

[Article by Ch: "Economic Advisory Council Report"]

[Text] Listening to the deliberations of the Economic Advisory Council, which on 2 April under the chairmanship of Prof Czeslaw Bobrowski continued the discussion on the report concerning the country's economic situation of last year against the wide background of up-to-the-present and future tendencies, this reporter could not resist two reflections which are quite different with regard to mood.

The first, optimistic one was that it was possible to be a witness to such an unconstrained discussion, revealing various behind-the-scenes aspects of economic phenomena, leading to reliable evaluations and sometimes controversial propositions publicly formulated by an advisory organ of the government. The second reflection is, unfortunately, sad, because the economic realities in keeping with this evaluation appear worse than one might expect on the basis of official reports up to now.

The reports of the Economic Advisory Council are being published by degrees. First and foremost, the first part of the report concerning the main illness of our organism, which is inflation, has already been published. A special report concerning international trade has also appeared in ZYCIE GOSPODARCZE, and the next parts concerning, among other things, investment and agriculture are to appear. This releases one from reporting them in detail and allows one to pay attention to the most important succession of events.

Economic stability, especially market stability, is the basic matter that determines the efficiency of the reform, the recovery through the economy of development capabilities, and, ultimately, the state of social awareness of the efficiency of the accomplished transformations. The report of the Economic Advisory Council shows the historical background of the increase in disproportions, the individual stages of the battle with inflation, and at the same time, which is especially important, the negative results of the solutions introduced in the battle with the crisis. It so happens that impatience also dictated certain moves that contributed to the creation of new inflationary pressures.

One can state that this diagnosis gives a picture that forces reflection and awakens one to thought and action. Somewhat fewer compliments can be made about the conclusions presented, though many new propositions were announced.

If stability, or rather its restoration, is the fundamental matter for economic development and the standard of living, the present tendencies connected with the incomparably small, in relation to the needs, increase in exports are the main danger. It was the reading of this report showing the various consequences and the whole tangle of dependencies that indicated how important it is for a country burdened with a great debt to regain export capability especially in branches of the processing industry according to needs, and what constitutes impediments.

Finally, there is in the Economic Advisory Council report one area to which much attention has already been devoted, where now an embarrassing lack of progress in restoring the rules of economizing has been shown. This area is investments. It is a fundamental fact that the crisis, indeed, forced a reduction in different investment expenditures and a lessening of investment potential, but it did not force a proper reduction of the investment front, did not force the use of the economic account, efficiency of activity, and responsibility for results. Investment policy continually faces very difficult problems. The extent of the dangers and the defects of other aspects of economic policy is determined by this. But most of all, as stated by one of the discussants, there is no center responsible for shaping the process of investment, and the Planning Commission ought to become such a center again.

The analysis made by the Economic Advisory Council contributes to the shattering of many myths, and above all the illusion that stability and the end of inflationary pressure will follow in some measure by themselves. The anti-inflationary program up to now has turned out to be unequal to the task. From this comes the postulate of the primacy of stability on all fronts of economic activity. The efficiency of the incentive systems, restraining the escape from money, the efficiency of the system in international trade, the effectiveness of agriculture and the limiting of regulation all depend on this. It is a necessary condition for emerging from the crisis.

12432

CSO: 2600/897

RECENT GOVERNMENT PRICING DECISIONS

Producer Metal Goods

Warsaw RZECZPOSPOLITA in Polish 26 Mar 84 p 5

[Article: "Price Commission Communique: Rise in Producer Prices of Iron and Steel Mill Goods and of Aluminum and Zinc"]

[Text] According to the Price Commission, as of 1 April 1984 the supply prices on products of ferrous and steel metallurgy and on aluminum and zinc will increase.

The price increase on the products of ferrous and steel metallurgy is the result of the increase in their production cost related to the rise in the prices of metallurgical raw materials, especially iron ore, as well as that of other materials (coal, coke) and electric power. The price increase on the products of ferrous and steel metallurgy at the same time is bringing these prices closer to the world prices on these products. The increase in aluminum and zinc supply prices is also aimed at adjusting these prices to the current level of world prices.

Supply prices on the products of ferrous and steel metallurgy will increase on average by 17 percent. The prices on general sheet metal grades 1-3 will rise at a rate below the average (by 1 percent), and sheet metals covered with organic plastics will increase by less too (10 percent). Goods with the highest degree of processing will show price increases at a higher level. Thus, for example, prices on the thinnest products and wire will rise by up to 36 percent, electrical engineering sheet metal (for transformers and generators) will increase by up to 31 percent, high-grade cold-rolled sheet metal (grades 4-9) will increase by 40 percent, cold-rolled tape by 58 percent. The prices on grades 1-3 rolled goods will also increase on average at a rate higher than the mean (by 35 percent).

At the same time procurement prices will increase on unsorted steel scrap from .90 zlotys to 2.50 zlotys, nonselect cast iron scrap from 1.00 zlotys to 2.50 zlotys per kilogram. The price for the procurement of select scrap iron and steel scrap will be set at 4.00 zlotys per kilogram. The price increase should serve as an incentive for greater exploitation of the country's untapped reserves.

Producer prices on aluminum and zinc are increasing by 20 percent, but the prices on alloys of these metals depend on the percentage of pure component, that is, the proportion of zinc and aluminum in the alloys. The increase in the procurement prices for these metals will be similar.

The information on the price increase indices includes the Price Commission decisions sent to the enterprises involved, through the intermediary of their founding bodies.

The decisions on price increase indices in ferrous and steel metallurgy will apply to products in the period from 1 April to 30 June 1984. The detailed price lists for these products will go into effect as of 1 July 1984, and the price levels on these price lists will correspond to the price levels resulting from the Price Commission decisions going into effect as of 1 April.

No Retail Coal Price Hike

Warsaw TRYBUNA LUDU in Polish 5 Apr 84 p 5

[Interview with Wojciech Pruss, first deputy minister on prices, by a PAP journalist: "Coal and Fuel Oil Prices"]

[Text] There have been recent rumors about a supposed increase in the retail prices on coal. A PAP journalist asked Wojciech Pruss, first deputy minister on prices, to discuss this issue.

[Answer] As you know, as of 1 March of this year producer prices of coal increased 20 percent. Nonetheless, there are no expectations of any rise in retail prices at which the public buys fuel. It is true that such an increase would have been justified, given the costs of coal extraction, but here consideration was given to the fact that food prices have recently gone up, so that the general expenses of the whole population have increased, and expenditures for fuel are of a similar universal nature. In other words, no changes are anticipated on the retail prices of coal, because such an increase would further swell household budget expenditures.

Taking advantage of the opportunity, Deputy Minister Pruss also addressed the oft-discussed question of why gasoline prices increased while fuel oil prices had not. The reasons underlying the gasoline price increases are well known. During the past year the number of automobiles has gone up considerably, while there is no possibility of increasing petroleum imports. In order to reduce the gap between supply and demand, means of an administrative nature are being applied, such as rationing, alongside those of an economic nature, that is, a price increase. No fuel oil price increase was taken into account, because this would create a rise in transport and construction costs and, moreover, above all, in the costs in agriculture. Therefore, a rise in fuel oil prices would be bound to produce, for example, pressure to increase procurement prices, which in turn would be bound to have an impact on retail food prices. This is one of the main reasons for leaving the price of fuel oil unchanged.

Crackdown on Consumer Goods Pricing

Warsaw TRYBUNA LUDU in Polish 3 Apr 84 p 2

[Article: "Prohibition Against Excessive Price Increases -- Conference at the Government Press Bureau"]

[Text] The government passed a decision prohibiting the raising of contract prices on industrial consumer goods (produced by units of the socialized economy) above the level essential to cover the increase in producer prices, according to information given to journalists at a press conference at the Government Press Bureau.

According to the letter of the law on prices, this prohibition was introduced for a specified period of time, which will be used to strengthen controls and to observe pricing processes in the enterprises.

Wojciech Pruss, first deputy minister on prices, stated that recently there have been rumors about substantial rises in the prices of industrially-produced goods, stemming from the increase in producer prices, for example, on coal, gas, electric power, and metallurgical goods. The fear that these increases will be carried over to retail prices to an extent far above the increase the rise in product costs would justify is realistic in view of the instances where certain enterprises have raised contract prices 20 percent and even by 30 percent and more.

The government decided to avail itself of its legislative authority and to counteract in a decisive manner the attempts to drive up prices. In response to trade union demands opposing the price increases, the Council of Ministers ratified the above-mentioned prohibition. What does it mean?

W. Pruss stated that there is no doubt that we should count on some rise in manufacturing costs, not only because of the above-mentioned increases in producer prices but also because of the higher depreciation allowances and the changes in foreign exchange rates. All these moves have been provided for in this year's plan, and in keeping with other decisions will not cause a rise in the retail price index greater than that planned for this year (around 15-16 percent).

Therefore, the government considers it indispensable to combat tendencies to make unjustified increases in contract prices, and it acted in keeping with the principles of its policy to protect the interests of working people expressed, for example, at the recent meeting of the Council of Ministers Committee on Trade Unions, which was attended by representatives of nationwide trade union organizations.

The prohibition against increasing contract prices must not be absolute, especially under the conditions of the economic reform and in view of the need to abide by the principle of self-financing, because in many instances

even the enterprises' redoubled efforts in the realm of managing the consumption of raw materials and power and improving labor productivity will not be able to make up for the whole cost increase created by independent producers. Thus, in many cases we should count on a moderate rise in contract prices, but an essential condition is the drafting of a new calculation method to define precisely the size of the increase in costs from causes independent of the enterprises. Such calculations will be verified by founding bodies and the Price Inspectorate.

If possible, a given producer's contract price will not be raised at all, but if it must be increased, then only by the amount that production costs independent of the plant have increased, that is, by 2, 3, or a few percent. On the other hand, if the calculation of the cost of a given product, especially one which takes a sizeable amount of power or metal, shows that the price would increase by more than 10 percent, this cannot be done, because the government has issued a prohibition against increasing contract prices by more than 10 percent, even if such an increase is economically justified.

Some goods have been excluded from the prohibition against raising prices. Among them are items covered by the luxury sales tax, such as, camping trailers, hunting weapons, high-grade still- and motion-picture cameras, luxury metal watches, stylized, fashionable furniture, 100-percent wool carpets and rugs, top-grade cut crystal, tableware and dinner sets with decorations of a special grade, amber items with a retail price of over 5,000 zlotys each, fur coats and other products made from fox, persian lamb, beaver, muskrat, fitch, and marten, items made of silver, gold, or platinum, and jewelry.

The prohibition against raising contract prices will not apply either to durable goods which actually are not available today to working people but are grabbed up by speculators who sell them at free-market prices. It is a matter of making rising speculation more difficult. It is worth mentioning that deliveries of some of these goods are at about the level of the best years of the past decade. Their return to the market shelves will hence become possible as their prices approach balance prices. Hence the following items have been exempted from the price increase prohibition: radios, tape recorders and hi-fi sets, but only those of the stereo and high-fidelity type; car radios, color TVs, freezers, refrigerator-freezers, refrigerators with capacities of over 200 liters, mini automatic washers, and Singer sewing machines. Therefore on these items price increases higher than the rise in production costs can occur, but it is worth emphasizing that the prohibition against increasing contract prices applies to similar items of a somewhat lower standard, such as monophonic radios, refrigerators under 200 liters, and Bio automatic washers produced domestically. Their prices will be protected.

The prohibition against raising contract prices above the justified cost increase is basically sanctioned by solutions adopted earlier, according to the statement made by Zdzislaw Sadowski, deputy government plenipotentiary on the economic reform, during the press conference. He talked here about

serious economic sanctions against enterprises that fix prices contrary to the government decisions. The recent decision should not make the enterprises' economic situation worse at any rate, but it does block attempts to use the contract price instrument to cover excessive costs stemming often from waste, poor labor management, lower production quality, and so on.

The influence of the rise in producer prices -- several percent on average -- on retail prices will cause a general cost-of-living increase of 3-4 percent. W. Pruss mentioned that last year's price increase had an influence of 5 percent on this year's overall increase in the cost of living. After we add the effects of the rise in food prices at the end of this January and beginning of February along with the piecemeal increases in prices, for example, on gasoline, fish, razor blades, and radio-TV fees, it is estimated that the overall price increase index will not exceed the 15-16 percent called for in the plan. To maintain this index throughout 1984 will require that wage increases remain within the planned limits.

W. Sadowski emphasized that the plant party organizations, trade unions, and employee self-government organizations felt that a watchful eye should be maintained to see that the rise in producer costs had a minimum impact on retail prices. This goal can realistically be achieved by reducing manufacturing costs that depend on the plants. Thus, the limitations on price growth do fall within the possibilities of working people and their organizations.

Justification for Crackdown

Warsaw TRYBUNA LUDU in Polish 5 Apr 84 p 5

[Article: "We Ourselves Set Prices; On the Heels of the Government Decision"]

[Text] The government decision published Tuesday on the prohibition against raising contract prices on most industrially-produced goods is still the subject of many discussions and conversations in the plants. It is being assessed as necessary and as something which can prevent the tendencies for producers to drive up prices under the pretext of higher production costs, as has been observed in previous years.

The usefulness of the decision prohibiting the raising of contract prices is shown by many instances where producers tried to increase them, as has been seen in recent time. For example, in Lodz, in 100 production plants being monitored, in one-third of them improper price calculations and increases were detected. As a result, prices were reduced on 145 items. We could include more examples, but will limit ourselves to one. For example, the Delia Clothing Plants in Zamosc showed a 38-percent rise in labor productivity measured in terms of production value on the balance-sheet. Actually this productivity declined by 0.9 percent, when production was calculated in fixed prices, because it turned out that the plants had increased prices on a total of about 6.2 million zlotys, at the same time giving the workers a 48-percent increase in wages.

This is a glaring example, but on a smaller scale, it is a rather typical one.

Other Reactions to Crackdown

Warsaw ZYCIE WARSZAWY in Polish 6 Apr 84 pp 1, 5

[Article: "Limiting the Spontaneity; Prohibition Against Excessive Price Increases"]

[Text] Excessive raising of prices on industrially-produced consumer goods is prohibited. That is the decision made by the government, which the Polish Press Agency (PAP) published a few days ago. This information has awakened understandable interest and discussions in many groups, in families, and in enterprises. Everyone knows that the places of employment are now paying more for certain raw materials, coal, gas, and electric power. People are afraid that these increases will bring about a substantial rise in the prices of industrially-produced goods.

Therefore the government decided to avail itself of its legislative authority and to counteract attempts to drive up prices, in keeping with the demands made, for example, by the trade unions. The thing is to prevent pricing anarchy, arbitrariness, and price manipulations to hide waste, poor management, and poor labor productivity.

Yesterday we discussed these issues in several plants in the capital. Here is what we found.

Elzbieta Brankiewicz, mounting foreman, Syrena Leather Plants: "No price increase makes people happy, but the fact that there are items for which the government has recommended price controls is correct in every way. I have been working in the factory 6 years. I am a foreman, and I know how much depends on good, earnest work. There are costs over which the worker has no control, but I am sure that by eliminating defects and poor quality, which is exceptionally important for market goods, we can save a good deal. I know people. I see what they are doing, what they can do, and that my opinion determines the bonus, and that nobody has the right to undermine it. That is a great responsibility. It is important, and I feel it is an effective element in upgrading production quality and therefore also an important element in stabilizing prices."

Wiktor Kazimierski, head of the production preparation department, Syrena Leather Plants, Warsaw: "Resistance to excessive price increases was essential, and it is too bad that this did not come even sooner. Given our hungry market, it should have been in effect as of the beginning of the reform, in my opinion. Then it would have been far more difficult for many plants to hide poor labor management in their prices."

"I also think that because the market determines the prices, at the moment the store shelves begin to fill up, the prohibitions will no longer be needed, because then in the spirit of business policy, the one who produces

best and most cheaply will be the one who sells. I think there are the first signals of normalization in the footwear branch, confirmed, for example, by the spring reductions, but we cannot be satisfied with this. We must constantly remember that production costs are influenced not only by producer costs but also quality, productivity, and discipline. I am convinced that in each plant, ours included, there are untapped savings to be found. For example, if the price of the raw materials which our factory receives increases slightly, then we can make up for this with improved quality, without looking for an increase in prices."

Elzbieta Zochowska, Cora ZPO deputy production chief: "Limiting the possibility of price hikes in a situation where most of the society is not complaining about an excess of cash is surely a correct decision, and it will receive everybody's support, especially that of us women, who bear the burden of running the households, but if these decisions cannot be fully carried out, then the material situation of families with two or three children or more would be a sad one.

"What can be done to avoid increasing the prices of the market goods which Cora produces, the clothing, in the face of increased producer prices? Surely we must produce more, because this is one of the ways of reducing manufacturing costs. This year Cora intends to produce clothing and outerwear valued at half a billion zlotys more than last year. Labor productivity here will increase by 8 percent. We have modernized our vehicle fleet, introducing trucks equipped with more thrifty diesel engines. We are striving to see that there is a minimum of tailings and production leftovers, to see that there are no complaints about our goods, no returns. In a few words, we are seeking savings wherever possible. Here I think that the greatest pressure should be placed on seeking reserves and savings in those plants and industries upon which the prices of materials, raw materials, and power depend."

Marian Zulowski, director of the eraser production department at Stomil, Warsaw: "On the one hand it seems to me that the government decision is to be a barrier to further previously uncontrolled price increases in practice, but on the other hand, we know that there will be a rise in contract prices, and this will have an impact on our ledgers. The question nonetheless is about to rise about whether maintaining contract prices at fixed levels is possible. I look at the question from the viewpoint of my own plant. At Stomil, 75 percent of the production costs come from the costs of materials. One fine day we expect to see a rise in the price of latex, which is produced in Oswiecim and is our basic raw material. And this increase will amount to about 40 percent. Somebody may tell us: Well, be thrifty. That is just what we are doing. For example, from the leftovers in making bath mats we are making house slippers. We sell tiny erasers. We use up all the bits and scraps. In future we intend to take up gloves, which will allow us better use of the raw material. We also want to modernize our production lines, so that less electric power and steam will be used. The only this is that I do not know whether savings of this type can make up for the rise in producer prices."

Jadwiga Godlewska, laboratory worker, vice chair of the Pollena-Uroda Cosmetic Factory Employees Trade Union: "I think it was a good thing that in view of the demands made by the trade unions, among others, the government decided to make it possible to block excessive, economically unjustified price increases. It seems to me that good quality should be a concern in the interest of every employee, because we know that even good raw materials can be used to turn out junk, and this after all drives up the cost of production. Quality and adhering to technology is after all another way to combat price increases."

Tadeusz Rostkowski, deputy director for economic affairs, Feliks Paplinski Glass Works, Wolomin: "We are being inundated with producer price increases on supplies on the order of a dozen and some percent. Our plant, for example, is a major consumer of gas, and the price on gas is up 25 percent, but we are also being hit by changes in the fees, for example, for transportation, electric power, and other prices from coproducers. We produce ordinary drinking glasses and tumblers, "unbreakable" glasses, bowls, and pitchers, and thermos bottles for the market. Following the government decision, we will not raise prices on these goods. Only ordinary tumblers increased in price by one zloty in March to 22 zlotys. We want to stop there this year."

"Automated production for the market represents only about 30 percent in our plant. The rest consists of technical and laboratory glass, the hand production of which, using traditional methods, has made production unprofitable. Beginning 1 April we increased prices on an average by about 10-15 percent."

"The rise in production costs related to increases in producer costs we estimate to be about 170-180 million zlotys. This is composed only of the increase in official prices and the exchange rate, because after all we import some raw materials. We will make up for this difference by an increase in productivity, especially in producer consumer goods."

It is important to notice the tone of concern and reflection in these statements, although the speakers bring up various subjects. Of course, nobody is happy about price increases, and this is the reason that any action that leads to reducing this painful event is approved. Although everyone is becoming increasingly aware that the administrative decisions will not be necessary when the store shelves begin to fill up, and supply comes into balance with demand, there will be a happy field for economic regulators inducing a decline in prices. And that is why in our conversations it is worth emphasizing that so much was said about earnest work, poor quality, cost savings, and overall about what favors increased supply. If only this passion expressed about poor management could bear fruit in practical action.

10790

CSO: 2600/899

POLAND

NATIONAL BANK BRANCH CHIEFS BRIEFED ON 1984 CREDIT POLICIES

Warsaw BANK I KREDYT in Polish No 2, Feb 84 pp 41-44

[Article by Stanislaw Majewski, President of the Polish National Bank:
"Speech at the Conference of Directors of Provincial Branches of the Polish
National Bank, 11-12 January 1984"]

[Excerpt] Esteemed colleagues: The purpose of today's conference is to give you the basic principles of the monetary-credit policy of the bank in 1984 and to discuss practical methods for its implementation. These principles, as you know, were adopted by the Sejm of the Polish People's Republic, and were transmitted to you together with the credit and monetary balance of income and expenditures of the population and with other materials, particularly the new credit instructions.

Our conference must also initiate conferences in provincial branches so that the basic principles underlying our activity and our tasks will be passed on most rapidly to the work places and to special credit inspectors who will implement them; the effectiveness of our actions will depend on them to no small degree.

I would like to concentrate first on the methods and means of implementing the monetary-credit policy during the current year. Obviously the point of departure for formulating the principles of this policy and the direction of bank functioning in 1984 are economic results and are an evaluation of our activity in 1983.

We must openly state that 1983 only partially fulfilled our expectations; this is especially evident in the fact that for the first time in 4 years we achieved an increase in national income and an increase in production. We did not achieve an adequate increase in efficiency of management, particularly in a more conspicuous increase in productivity. To be sure, there was a certain increase in hourly productivity, but it occurred simultaneously with an inadequate exploitation of the nominal work time, and as a result of this, the actual work time on a national economic scale during the past year closed with a figure of 32 hours. This is evidence of the failure to exploit the still great reserves that lie both in the organization of work and in its productivity. There was at the same time a great increase in the emoluments fund that substantially exceeded the stipulations of the plan, causing as a consequence an increase in inflationary processes. Because of this the

inflation scale for the past year reached a level of more than 23 percent, while the plan projected a scale of 16-17 percent. From the point of view of bringing the economy into balance and reinforcing the balance between money and the market, the past year showed certain symptoms of improvement with respect to 1982, but the scale of this improvement was inadequate. For this reason, decisions were made aimed at introducing a broader modification into the economic system within the framework of the economic reform which, speaking generally, serve to enforce efficiency in management of the socialized economy. The same purpose is served by modifications that were introduced during the current year in our credit system; these are aimed at making this system promote the implementation of the principle of "hard money" more actively. In other words, the credit system should be a stimulator of management efficiency and should promote the realization of basic goals and principles of the economic plans in a more effective and precise manner than it did last year. For this reason, I would like to stress that the basic criterion of credit activity of the bank must be a matching of the goals of giving credit with the goals of the central annual plan. From this point of view, last year did not bring satisfactory results. It is true that we did achieve an increase in the participation of enterprises' own funds in financing economic development both in the area of working capital and in the investment area, nevertheless, this increase was not so great that it would signify a decrease in the surplus of financial means at the disposal of individual units of the national economy. We were able to realize, or force, an increase in the participation of enterprises' own funds, mainly in the area of financing working capital, owing to which we managed certain "savings" in implementing the credit plan in the area of working capital loans. But the situation is different in the area of extending investment credit. There was a quite significant excess of investment outlays with respect to both the stipulations of NPSG for 1983 and the stipulations of the central annual plan; in practice, this means a decrease in the share of national income that might have been used for increase in consumer goods. Regardless of this, a negative development in the area of investment is the further extension of the investment front, although the statistical figures given with respect to investment tasks initiated in the past year pertain, as a rule, to investments of enterprises whose average cost is less than 10 million zlotys.

I would like to stress further that of the approximately 15,000 new investment titles that were listed in the report of the Central Office of Statistics for last year, only 2,500 were undertaken with bank credit participation, and of these approximately 1,300 involved cooperative home construction and agriculture. The rest came from private sources. Nonetheless such a broad investment scale is the result of a widespread surplus of private funds in enterprises, the result of a not very effective functioning of the set of instruments that were, in the last analysis, supposed to limit private funds of enterprises, funds that stimulate demands in consumer and investment areas.

This too is the reason that the basic task of banks this year must be a stronger continuation of the policy of forcing on the enterprises a signifi-

cantly greater participation of their own resources, especially those derived from profit for sharing and from the increased amortization write-offs of the current year, in the financing of needs connected both with increased production activity and investments, including investments being continued during this period with participation of bank credit.

Our policy must effectively prevent violation of the stipulations of the central annual plan and exceeding the plan in undesirable directions, particularly exceeding investment expenditures at the same time that the investment front is being expanded, and exceeding the production of capital investment machinery and equipment for the national market and, as a consequence, increasing remunerations to a degree not justified by the increase in production. Obviously, we can achieve this by consistent cooperation of the other subsidiary systems only through such use of credit as would, in a selective, but effective manner, force the enterprises that have surplus private resources -- and there are many of these -- to use them maximally in the production-development processes.

The results attained in 1983, expressed in a 1-point increase in participation of private funds in the financing of supplies and an increase of approximately 10 points in the total profit-for-sharing portion of the share earmarked for the development fund, must be recognized as inadequate in the light of the existing economic and monetary situation. Selective action in this direction, concentrated on forcing maximum resources from affluent, but not preferred units, must simultaneously allow the funnelling of modest credit resources primarily to reinforce the most preferred and at the same time most efficiently working economic units. Here I particularly have in mind using a suitable credit policy to support production for the market and for export. This has a real significance since we must determine the amount of imports on the basis of concrete results in the export area. On this basis our attention and our credit policy must be especially concentrated on these sectors.

We admit that one of the reasons for the difficulty of conducting a long-term credit policy, particularly in the area of investment, is the lack of a concrete program for reconstruction and restructuring of our economy. Work on this plan continues; we believe that the first projects of reconstructing our economy that have been carried out will be reflected in projects on which the planning commission of the Council of Ministers is working, the first version of which is expected by the middle of this year. Nevertheless, in credit policy we should concentrate our attention on whether the development goals of separate enterprises are consistent with the basic principles in the area of structure and development of production contained in the central annual plan.

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We sometimes hear that the bank is inclined to be bureaucratic. It seems to me that this is a problem of properly forming relations with the enterprise on an economic base not by sending letters or reminders demanding one form or another of reports and answers to questions, but in the form of concrete

discussions on the subject of the operation of the enterprise, its financial results and division and assignment of profits to the development fund and for other purposes. Specifically, a hard credit policy, which is a part of the broader hard money policy, should lead to a situation where the situation of the past year would not be repeated, the situation in which a surplus of resources resulted in excessive disbursement of financial resources for wage increases and for investment purposes not always compatible with the goals of the national economy. This is a fundamental matter and the basic condition for the correct interpretation of the requirements of the bank by our partners, the enterprises that take advantage of bank credit. I have asked on a number of occasions that the directors of branches dealing with larger enterprises not leave final discussions, and specifically the signing of credit agreements at the inspector level. This is connected with the skill of adjusting the credit policy to the necessity for concentrating attention of administrations of provincial branches and operations divisions on those enterprises that are decisive in implementing the economic tasks in the given area within the framework of the central annual plan. In each branch there are a few enterprises that have a basic significance in the given banking district and a number of enterprises with a lesser significance where a concentration of attention is not as necessary.

Speaking of the bank-enterprise relationship, I would also like to call attention to a very real issue. This year more than ever we must start out on the road envisioned by the bill for economic recovery and act effectively to promote the recovery of enterprises. We must implement actions leading to improvement in the manner anticipated by the stipulations of the bill. We must exert adequate pressure equally from the central level on the instituting organs as well as from the provincial level on the governors as instituting organs in order that procedures anticipated by the bill would be positively implemented in cases of poor management. As I have said to a representative of ZYCIE WARSZAWY*, we are not concerned about legitimizing ourselves by bankruptcies as a proof of bank responsibility, but with having the threat of bankruptcy be a real threat for many enterprise administrations to force them to improve management results. It must be said that what we see in this area thus far are not very good; at the central level we find, as a rule, that the instituting organs try to rescue enterprises, specifically by attempting to interfere with the bank administration for the purpose of getting an extension or even an increase in credit. Therefore, all of us together, beginning with the bank administration and ending with the operations divisions, must sharpen our practices in this area.

We must act in such a way as to achieve better results this year for the bank's influence on development of the national economy, on a better production structure, on more effective investment, on putting the investment front into order and on greater financial discipline.

*No 8, 10 Jan 1984. [see JPRS EAST EUROPE REPORT EEI-84-022 pp 81-84]

I believe that modification of the principle of assessing enterprises, a sharper policy of charges for plant activization, and finally a sharper credit policy should result on the whole in greater progress on the road to development of the national economy. I would like to call attention to one more issue. If you certify the granting of tax relief to enterprises without consulting the bank, please inform the appropriate credit departments at the central level because the relief can and should be granted after consulting the bank. The policy of granting financial relief (tax and write-offs for the vocational activization fund) should also be an instrument of the policy of hard money. Here I would like to emphasize that the opinion of the bank should be an objective opinion, and not just one dictated by the narrowly understood interest of the bank, which means, the greater the relief, the less bother the bank has with the creditor. The past year was also marked by excessive liberalism in the area of financial relief for enterprises. The same thing is true of relief in write-offs for the fund for plant activization. Only joint and united actions of all factors acting on the economy and enterprises will put them on the road to more efficient management.

In conclusion I would like to touch on two matters. First, I would like to ask the directors to convey the thanks of the bank administration to all workers who participated in revalorization of savings deposits. I must say that the last days of December were marked by a particularly large influx of clients, despite the fact that our branches, particularly the general savings bank branches, informed the community of the expiration of the term for revalorization. Generally speaking, from the reports that reached us, from observations of other inspection organs, it seems that our branches, especially the general savings branches, met this influx of clients in a satisfactory manner and did their job. For this reason, I would like to ask that this be noted in a suitable way, namely, in the form of public expressions of appreciation at conferences that you will be organizing in the field. I would, on this occasion, like to say that the matter of separating the general savings bank from the Polish National Bank was changed in the bill on bank law: a by-law was introduced there that anticipates that in the course of their session, the Council of Ministers will reach a decision on the date for such a separation. This means that the separation will take place in its time; today, however, it is too early to speak of when this will be.

With respect to assigning personnel of the Central Cooperative Council "Samopomoc Chlopska," to mutual savings banks, I must say that in this matter our position is unequivocal. We agreed to a very limited experiment. There will be a consultation on the stipulations of this experiment with the interested provincial branch before it is reviewed by the Bank Council.

2950

CSO: 2600/931

SITING OF NEW NUCLEAR PLANT

Warsaw RZECZPOSPOLITA in Polish 3 May 84 p 2

[Text] On 2 May the National Environmental Protection Council met to review an experts' report on the siting of Poland's second nuclear power plant. This report was drafted by the Polish Academy of Sciences Committee for National Land-use Management at the request of the Planning Commission of the Council of Ministers. The assessment drawn up by these scientists deals with the previously chosen site for a new nuclear power plant in the Karolewo area between Plock and Wloclawek. For both ecological and social reasons, the authors of this report and the participants in the discussion believe that there are no grounds to justify the selection of this site. The construction of a nuclear power plant at Karolewo might precipitate undesirable changes in the Wloclawek reservoir and the deterioration of its water quality due to the discharge of heated process water. Another argument against the siting of this nuclear power plant in Karolewo is the threat it would pose to the Gostyniec-Wloclawek National Park. The choice of this site for Poland's second nuclear power plant has been a topic of lively public debate among residents of Plock and Wloclawek in view of the poor state of the natural environment in this region. Owing to the underestimation of environmental protection issues in the past coupled with the simultaneous rapid growth of industry and urbanization, these areas are now ranked among those facing the threat of ecological disaster. This is another reason why area residents are mistrustful of the decision to site this nuclear power plant in their community. These feelings and views cannot be ignored. The point was made that the Karolewo option is certainly the best one, but only when viewed from the standpoint of economic and engineering criteria. Any other site will be more costly. But it should be admitted that, given the present state of the natural environment, the national economy is going to have to bear the costs of past neglect and oversights. Both now and in the future we are going to be compelled to pay for these mistakes.

CSO: 2600/965

SEJM COMMITTEE REPORTS ON ENERGY, FOUNDATIONS, FISCAL CODE

Warsaw TRYBUNA LUDU in Polish 7-8 Apr 84 p 7

[PAP coverage of selected committee reports submitted at the 48th Sejm session held on 6 April 1984]

[Excerpts] Normal economic and social development demands a regular supply of fuel and energy for the national economy and for the population. In order to meet this demand, the development of energy management must be tightly bound to the thrifty use of fuel and energy.

The growing demand for these production inputs, coupled with a limited capacity for their extraction, makes special actions for an increased legal protection of fuel and energy necessary. No less necessary are increased state surveillance over the energy sources nationwide, including refuse energy, and determined action aimed at lower energy-intensiveness of the national economy and equilibrium of fuel and energy. This can be accomplished, inter alia, by considerably earlier investment decisions in the fuel and energy industry, and by actions aimed at preventing the waste of unproductive sources of fuel and energy.

Although for a third consecutive year we have fully met the needs of the energy branch, this should not obscure the real state of affairs and the resulting need to develop our fuel and energy industry. We have to keep in mind that the exceptionally long investment cycles and their high capital-intensity require early decisions concerning this strategic branch of the economy. When dealing with these problems, we have to remember the 1975-79 period when the development of the fuel and energy industry, not coordinated with the requirements of the energy-intensive economy, brought disastrous results due to uneconomical management and waste of fuel and energy.

Our country's economy is based primarily on the domestic extraction of hard and soft coal. The growing mining and geological problems objectively induce regular increases in the costs of domestic fuel extraction and energy generation. These factors require solutions tailored to the optimal development of our domestic fuel and energy resources in the future, and proper exploitation of these valuable assets, i.e., fuel and energy. Such organizational and legal undertakings are reflected in the draft law on energy management now under discussion. The draft law is based on 20 years experience based on the existing law on fuel and energy management, and is closely related to the current legal principles of running the economy.

An essential innovation introduced in the proposed act concerns the obligation to centralize the balancing of our capacities, in order to bring the fuel and energy demand in line with the targets of our economic plans. The implementation of proper rules of shaping energy management should be accomplished not only--as up till now--through commands and sanctions, but also through utilization of positive stimuli and economic mechanisms which the Main Inspectorate of Energy Management has at its disposal.

The legal regulations include such areas of energy management as extraction, processing, transportation, and utilization of fuels and energy, as well as production, imports, and exploitation of energy equipment. The new law also deals with investment and modernization activity connected with energy management, as well as with construction and all the energy-generating equipment of economic units and individuals.

One of the most significant features of the new law is its universal character, reflected both in its comprehensive inclusion of all the areas of activity which significantly affect the energy supply nationwide, and in making the population aware of the need for austerity in the use of fuel and energy. Its universal character also relates to the new procedures and future organizational changes at the center of the state administration. Hence, the Main Inspectorate of Energy Management will be subordinated to the chairman of the Council of Ministers; the act empowers the Council of Ministers to delegate the supervision of the Main Inspectorate of Energy Management to another supreme organ of state administration. Such a solution guarantees the implementation of a uniform state policy, for which an interdepartmental central state organ will bear responsibility.

From the point of view of the national economy, of particular importance is the mandatory duty of local administrative organs to supervise--together with the Main Inspectorate of Economy Management--the exploitation of local fuel reserves and energy sources. According to the law, local administration has been put under obligation to give assistance to those who develop energy sources on their own.

It should also be pointed out that the draft law provides for a wider scope of sanctions than before, aimed at safeguarding the legal protection of fuel and energy. The ceiling of fines has been fixed in relative terms, that is to say, in percentage relation to the wage level and the value of energy used. The mode of exacting fines and indemnities through administrative enforcement has been simplified.

The speaker, moving for a vote on the law submitted to the Sejm, declared that the solutions proposed are formulated according to the present and future requirements of the national economy and of the population.

The Foundations

The report of the Economic Planning, Budget, and Finances Commission and of the Legislative Commission, concerning the government draft proposals for the foundations law, was presented by Deputy Alojzy Melich (PZPR).

The draft, he said, was comprehensively discussed by the Sejm committees, and then the Sejm's Socioeconomic Council pronounced its opinion. Institutionalized foundations are familiar in many countries, and have an impressive tradition in Poland as well. After World War II it, however, was resolved--perhaps too hastily--that in a socialist state foundations are superfluous as institutions.

The socialist state has elaborated--and continues to do so--broad activity in the areas of social policy, health protection, cultural development, and education. There are, nonetheless, many social needs not yet fully satisfied, and additionally exacerbated by the crisis; the state is unable to meet them in full. This does not mean that the foundations will be able to substitute for the state in its welfare, educational, and cultural functions. They might, however, affectively supplement those functions.

Another argument for establishing foundations is the existence, for many years, of foundation substitutes, such as specific funds, e.g., the Health Protection Fund, the Monuments Conservation Fund, etc. Associations have been organized to support, mainly financially, universities and libraries. More and more frequently, private individuals have expressed their wish to devote their property or financial assets to specific social goals, but there has been no legal possibility to do so.

The law is supposed to create a legal basis for establishing autonomous, fully self-governing and independent foundations, endowed with legal status. It will fully guarantee respect for the founders' wishes, and at the same time will safeguard the interests of the state. The foundations may have their seats in Polish territory only.

The law provides for full exemption from inheritance and gift taxes for all bequests, endowments, and donations, financial or material, mobile or other assets, acquired by the foundations. The draft law also provides for reductions or exemptions for foundations conducting economic activity on revenue incurred in pursuit of their statutory goals.

Fiscal Code Amendment

Deputy Antoni Wesolowski (ZSL) submitted the report of Sejm commission of Internal Affairs and Justice, of Economic Planning, Budget, and Finances, and of Legislation, on the government draft law on amendments to the fiscal code.

The need for the amendments, he said derives from the following premises: it crowns the Sejm attempts to improve the financial legislation, in particular the tax code and the foreign exchange code, and at the same time it stiffens penal sanctions for tax, foreign exchange, and customs violations to an extent which would render their commission totally unprofitable. In this respect the draft satisfies the public demand, addressed to the authorities for a more intensive fight against fiscal and economic criminality. Higher sanctions have become necessary, in particular with regard to fines and financial indemnities, whose limits were set by law in 1971. since then their painfulness has been considerably eroded.

In preparing the draft amendments, the growing threat of fiscal criminality has been taken into account. In the last year alone, fiscal chambers and offices sentenced nearly 53,000 people, over 50 percent more than a year earlier. In 1983 nearly 27,000 people were sentenced for fiscal violations. In this period the total value of loss incurred by the state treasury amounted to nearly 2 billion zlotys, over three times more than in 1982.

The proposed amendments of the fiscal code provide for--as the deputy pointed out--raising the lowest fines from 500 to 5,000 zlotys, and their ceiling from 1 to 5 million zlotys. Financial indemnities for fiscal violations would also be raised to 400 and 20,000 zlotys, respectively.

The proposed amendments--concluded the deputy--are not directed against honest citizens. Only those who do not abide by the law will have to reckon with severe penal repression.

12485

CSO: 2600/900

MINISTER COMMENTS ON STRICTER FISCAL CODE PENALTIES

Warsaw TRYBUNA LUDU in Polish 7-8 Apr 84 p 7

[Interview with Stanislaw Nieckarz, minister of finance, by Ryszard Nalecz of the Polish Press Agency: "No Leniency for Lovers of Easy and Dishonest Earnings"]

[Text] The public demand for more severe repression of people guilty of fiscal crimes and violations has recently been intensified. On 6 April the Sejm passed the government draft proposals for amending the fiscal code. Immediately after the Sejm vote, the PAP correspondent interviewed Stanislaw Nieckarz, minister of finance.

[Question] What were the premises which determined the need to introduce amendments?

[Answer] The level of financial penalties provided by the fiscal code was fixed in 1971, and has not been changed since. During this time the average wage in the socialized economy has risen more than fivefold; prices and living costs have gone up as well. Under the circumstances, unchanged levels of fines and financial indemnities provided by the law would virtually amount to the relaxation--in real terms--of sanctions for fiscal violations. More effective weapons to fight fiscal criminality are also needed; this has been demonstrated by the rise in the number of fiscal violations in recent years, caused, inter alia, by their increased rate of detection by the treasury apparatus. In 1983 fiscal chambers and offices sentenced nearly 33,000 offenders for such crimes--52 percent more than in 1982, were sentenced for fiscal violations. The sum total of losses incurred by the state treasury amounted to nearly 2 billion zlotys in 1983 alone, that is to say, nearly 3.5 times as much as in 1982.

[Question] What means of fighting fiscal criminality has the government now at its disposal?

[Answer] These include more severe penal sanctions, above all financial. This tendency was also postulated at the PZPR National Conference of Delegates. More severe penal sanctions should also discourage potential perpetrators of fiscal crimes. In this respect the amended fiscal code crowns the Sejm efforts to put the tax and foreign exchange legislation in order.

The law provides for raising the lower limit of fines from 500 to 5,000 zlotys, and their ceiling from 1 to 5 million zlotys. The fines fixed in proportion to avoided customs duties or to the value of assets involved in customs crimes, as well as illegally spent foreign exchange sums (their proportional multiplicity), will be raised accordingly.

The law raises financial penalties only. It has been assumed that penal sanctions for fiscal crimes, committed against the financial interests of the state, should be targeted primarily against the property of the perpetrators. The imprisonment penalties have not been raised, since they have lost nothing of their severity.

[Question] As compared to the previously binding legislation, many amendments deal with foreign exchange crimes and violations....

[Answer] In fact, the most comprehensive part of the law deals with regulations concerned with these kinds of crimes and violations. It provides for penal sanctions for the violation of interdictions and injunctions involved in behavior defined by the 22 November 1983 foreign-exchange law. Alongside the amended fiscal code, this act aims chiefly at strengthening the zloty as the exclusive legal tender in our country. The provisions of the two acts should supply weapons for a more effective fight against foreign exchange criminality, which is often the source of large illegally acquired fortunes. Thus, the public demands, addressed to the authorities, will be satisfied.

I would like to point out most forcefully--the minister added--that the law has been aimed against those who violate the rules of the fiscal code in order to achieve easy gain at the expense of the financial or foreign exchange interests of the state.

12485

CSO: 2600/900

PROGRESS OF REFORM IN RURAL CO-OPS REVIEWED

Warsaw ZYCIE GOSPODARCZE in Polish No 12, 18 Mar 84 pp 10,11

[Article by Janina Czyszkowska-Dabrowska]

[Text] The years 1981-83 were in the agricultural producer cooperatives [RSP] a period of attempts at the first independent decisions based upon economic calculation. It was possible to assume that--after introducing the principles of self-financing and withdrawing privileges--a certain portion of the co-ops, especially the new and weak ones, would resolve their problems without the assistance of the state. However, in the co-op movement there were no break-downs. In 1980-83, 25 RSP's developed and 121 joined with others. New co-ops, although not many, also developed. The general number of co-ops was reduced during this period by about 6 percent and the number of members by about 10 percent.

Land

For the first time in years, the co-ops reduced the area of their land by around 10 percent. In 1981-83, they gave up over 80,000 hectares to PFAZ [State Vocational Activation Fund] or other users. They disposed of land of little use for co-ops to use. Distant land of low production quality clearly lowered the efficiency of co-op farming. During the 1970's they were required to take in all lands not having users, and in this manner the quality and extensiveness of co-op farms began to worsen. In 1981, the share of good soil was barely around 20 percent, and the indicator of soil production was 1.64. Around one-third of the soil required irrigation. Still worse was the situation with extended tracts. On the average for 1 co-op there were 90 plots, of which 76 percent occupied an area of under 5 hectares.

There are at present objective plans for the practical evaluation of taking in new land and farming it by RSP's. Therefore, from the point of view of the co-op's interests, it is necessary to evaluate positively the breakup of small or useless plots. This looks differently from the point of view of social needs. Our research shows that in the near future, 23 percent of the co-ops foresee a reduction in their land. Similar tendencies have appeared recently in the state farms [PGR]. They will thus increase their fallow land, as no one wants any weak land. In a few years, therefore, the problem of farming these lands by socialized enterprises will develop. The devastation of these lands will require additional costs for recultivation.

Co-ops, like other sectors of agriculture, require special help for equalizing the costs of production in marginal conditions. In a couple of years, the costs of recovering these lands for production will be considerably larger.

Production

Feed difficulties have caused, as in other sectors of agriculture, a decline in stock and animal production in RSP's. Shortages in delivery of feed have forced farmers to rely on their own means of feeding their stock. Therefore, in 1982, changes in plant production occurred -- the production of grain and one's own feed volume were increased. Directions in the most grain-inclined production (butcher chickens and hogs) were reduced.

In 1983 the situation worsened, however. Today, the shortage of feed does not decide the directions and the levels of animal production development; it is rather profitability, which is considerably higher in plant production than does so. According to research by the Institute for Agricultural and Food Economy [IERiGZ] in a representative sample of 100 RSP's in 1982, the factor of profitability in plant production reached 118.4 percent, and in animal production only 92.3 percent (in general, agricultural production in 1982 was 102.8 percent and in 1981 117.0 percent). In the above calculation, payment for work was counted according to the actual payments i.e., the share of co-ops in the division of income. Adoption of the agreed-upon payment for work (socially set) would correct the profitability indicators by 2-3 percent.

The profitability of particular directions in animal production in 1982 shaped up as follows: milk, 82.1 percent; beef, 88.1 percent; hogs, 93.7 percent; butcher chickens, 110.3 percent; layer chickens, 127.5 percent; sheep, 99.4 percent.

This is why in 1983 there was a correction in the results and a clear increase in plant production (grain, rape, sugar beets), although there was a further dramatic decline in the directions of animal production. Our research shows that the co-ops are planning a further reduction and even an elimination of animal production. Feed cattle will be reduced or eliminated by around 30 percent, hogs by around 32 percent and dairy cattle by around 12 percent. On the other hand, one foresees an increase in the raising of layer chickens or broilers, both of which are more profitable. These are very dissatisfying tendencies from a social point of view.

The development of extra-agricultural production in RSP's has always provoked a great deal of discussion and critical evaluations. Within the conditions of reform, it has become an important area of co-op farming. Extra-agricultural production is for the most part more profitable than agricultural production, because the co-ops can partially set agreed-upon prices for these products. It is a source of additional income, of which a portion can be set aside for financing investments in agricultural production.

In 1982, extra-agricultural production in the RSP's stood on a national scale at 47 percent of general goods production.

Data in the following table show that privation and low quality of lands, as well as large means of worker strength in relation to possessed lands and economic potential, influence the development of extra-agricultural production.

Extra-Agricultural Production in RSP's

Item	Share of extra-agricultural production in percentage		
	to 20	20-50	over 50
Production class of the lands	1.71	1.60	1.49
Value of lasting means in 1000 z1/ha	134.7	159.3	188.4
Means of worker strength per 100 ha	19.8	26.8	56.2
Area of agricultural use per 1 worker/ha	5.2	3.9	1.9
Value of end production in 1000 z1/ha	88.8	114.3	186.3
of which: agricultural production	79.8	72.6	65.3
Income for division of 1 day into z1	456	409	400

Extra-agricultural production balances out the privations of natural conditions, and the lower agricultural production in the co-ops of highly developed extra-agricultural production results not from lack of care but rather from poorer natural conditions. According to established opinions, extra-agricultural production does not contribute to exceptional incomes, but rather raises it and equates it with a median level.

It should be expected that in taking advantage of independence, the RSP's will further develop their extra-agricultural production. This is shown in the researched co-ops, of which around 50 percent intend to increase or to begin processing production, and 33 percent to increase the production by specific institutions (renovation-construction groups, production of building materials, etc.).

Co-op Financing

In order to proceed with the principles of self-financing in the RSP's, production subsidies for forming certain lands have been eliminated and investment credits frozen. The means for financing economic activities will be one's own income and bank credits. The state will influence the financial economy of the RSP's only through pricing policy, taxes and a system of credit. Despite initial fears, the number of co-ops having balance losses under the new system stood in 1982 at only around 30 percent of those that already had losses in 1980.

Self-financing has contributed to the advantage taken of bank credit. Around one-fourth of the RSP'S have implemented their tasks without revolving credit, taking advantage of their own large financial reserves. As a result of high interest rates, 29 percent of those RSP's researched by us intend to resign from revolving credit, and 43 percent to reduce their investment credit.

The principle of self-financing is such that earnings for work by members and their staffs are set exclusively on the basis of share in the created income. (This principle recently was broken by the introduction of payments guaranteed by the state for members of newly founded co-ops.) This system of payments creates the stimuli for greater involvement in group work.

During the period of the economic reform, the income of the co-ops increased considerably, to around 250 percent in 1980-83. It is unnerving, however, that incomes are increasing more rapidly than production, and in some RSP's there are consumption tendencies even with the danger of reserve losses. This is especially disturbing, since those co-ops following these practices are critical of the entire co-op movement. There is also a great difference in incomes between co-ops and RSP's. New financial obligations like increased payments to ZUS [Social Security Agency], land tax, equalizing tax and greater amortization as a result of increased property values, could in the near future considerably reduce co-op incomes.

Currently, the co-op law in force is overturning the range of self-governing organs and general independence in the RSP's. During 1981 and 1982, the role of self-government increased by 45 percent, in the view of RSP directors, and around 15 percent found considerable relaxation, some of which led to a considerable lowering of motivation for work. In around 40 percent of the co-ops self-governing capacity remained at levels existing at the time.

The increase in the role of self-government will be possible when negative phenomena are stopped, i.e., joining service responsibilities with the full function in the self-governing institutes and proceeding with the negative selection of persons occupying positions in RSP. An evaluation of the participation of members in the decisionmaking process within the co-ops indicates that it is greater in smaller than larger co-ops. This is tied above all to the deepening share of work and the growing level of difficulty in making contacts in larger co-ops having a developed organizational structure.

Living in the Crisis

The introduction of reform in the RSP's have contributed to difficulties resulting from the crisis. Included here is the universal deficit of goods forcing a central regulation of production means. Government prices for agricultural products limit the free choice of optimal structures in agricultural production. This causes flight from unprofitable production to improvement in one's financial situation in extra-agricultural production. The co-ops cannot freely dispose of their production. It is directed entirely to the social market without the right to earmark even a portion of the production to supply members or canteens.

The principles guaranteed by co-op law are frequently broken by external interference in co-op matters. For example, numerous controls set conclusions for freeing directors elected by general gatherings and changing the principles for division of incomes and their level. One can cite many other such examples of limiting self-governments and independence in making production, investment

and social decisions. They result primarily from the crisis situation and difficulties associated with it throughout the economy.

In general, one can state that the economic reform has contributed to the production and economic strengthening of old co-ops possessing considerable economic reserves and to the considerable weakening of weak co-ops operating in unprofitable natural conditions. A considerable polarization among co-ops has ensued.

9807

CSO: 2600/813

BRIEFS

COAL PROCESSING R&D PROBLEMS--A meeting for the Science and Technology Council for Mining attached to the office of the minister of mining and the power industry was held on 2 May at the Institute for Coal Processing in Tychy, a component of the Central Mining Institute. The meeting was called in order to analyze the progress of research and development work mandated by the government program for comprehensive coal processing. It was found that some of the research projects forming a part of this government program are behind schedule and that some projects have been abandoned due to funding problems, equipment shortages, and so on. It is therefore of fundamental importance that efforts should be focused on dealing with the most important problems at hand and on the most expeditious and practical exploitation of research project findings. The meeting was attended by the minister of mining and the power industry, Gen. Div. Czeslaw Piotrkowski. [Text] [Warsaw RZECZPOSPOLITA in Polish 3 May 84 p 2]

TRACTOR INDUSTRY EXPANSION--A working conference on problems associated with the growth of the tractor manufacturing industry was held on 29 April at the "Ursus" Machine Building Works. The conference was attended by Warsaw municipal leaders together with Marian Wozniak, member of the Central Committee Politburo and first secretary of the PZPR Warsaw Province Committee, Gen. Div. Mieczyslaw Debicki, mayor of Warsaw, Edward Lukosz, minister of metallurgy and the machine building industry, and Stanislaw Kukuryka, minister of the construction and building materials industries. [Warsaw ZYCIE WARSZAWY in Polish 30 Apr 84 p 2]

COAL TRANSSHIPMENT DOCK OVERHAUL--The largest coal shipment facility on the Baltic--at Port Polnocny [Northern Port]--began servicing ships 10 years ago in July 1974. Since then more than 60 million tons of coal have been shipped from this sector of the Port of Gdansk to points abroad on ships sailing under various flags. The facility is equipped with very high-performance loading machines, and it very quickly reached its rated servicing capacity of 50,000 tons per day. However, after years of the very intensive operation of its machinery inventory, the coal shipment base is now in need of a general overhaul. Work on this overhaul project, which is essential to the preservation of the port's ship servicing capabilities, got under way on 2 May. [Text] [Warsaw TRYBUNA LUDU in Polish 3 May 84 pp 1, 2]

CSO: 2600/965

NEED FOR INCREASED FLEXIBILITY, DYNAMISM IN EXPORT ACTIVITY

Bucharest REVISTA ECONOMICA in Romanian No 13, 30 Mar 84 pp 7-9

[Article by I. Maravela and N. Fratiloiu]

[Text] At the recent Plenary Session of the Central Committee of the RCP, stressing the important role played in all our activities by the continued development of international exchanges, and by expanded collaboration and cooperation in production, Nicolae Ceausescu stated that "the fulfillment of export production, of exportation, is a task of decisive importance for the proper pursuit of all activities," asking for "all products of the Romanian industry to be manufactured at the highest possible level, according to the demands of the technical and scientific revolution, and to the program for Raising the Technical Level and Quality of Products."

According to the provisions of this program, by the end of next year, the proportion of world class products in the machine construction industry will reach 76 percent of the total production in the branch.

The work of the recent Plenary Session of the Central Committee of the RCP has shown that the fulfillment of the exportation plan is based on a higher level of quality in export production.

The directions stipulated for attaining this objective in the production of machine-tools are to improve existing machines and adopt new types, similar to the best made throughout the world, by providing this equipment with electronic speed controls, converters, digital controls, data displays, switching and protection devices, all of which will assure higher precision and reduce repair time, so that by 1985, all machine-tools will reach a work-time availability of 80 percent. At the same time, the goal is to increase the utilization of a ton of metal up to an average of about 30 percent by 1985, a figure established for all raw and other materials. This will create conditions for improving the structure of products offered for exportation, and for significantly increasing the value of exports during this year, starting with the resources available in the economy. In order to attain this level, constant analyses and comparisons are needed with the world market, so as to meet its demands and change objectives as a function of new

trends. Comparison with the world market does not mean to establish a simple ratio with a set of constant parameters, but an extremely complex, laborious work of understanding an extremely dynamic phenomenon, with specific features associated with each product, market, and time period. As indicated in the program, this analytical work is indispensable for assuring product competitiveness. Such an analysis, performed by ICE (Foreign Trade Enterprise) MASINIEXPORTIMPORT, has led to the identification of important directions of action to increase product competitiveness and fulfill exportation tasks.

During the 1975-1980 period, the value of Romania's exportation of products manufactured by the machine construction industry has increased 2.4-fold, from 1.3 to 3.2 billion dollars. Despite this growth, large gaps still separate us from industrially developed countries in terms of the ratio between the value of products exported by the machine construction industry and domestic steel production.

During the 1975-1980 period, the value of Romania's exportation of machine construction products per ton of domestic steel has grown, fitting in the trend of general growth observed for industrially developed countries; but compared to them, Romania's growth has been much slower.

A second important observation concerns the level of exploitation of the steel effectively included in products exported by the machine construction industry, measured by the average price in dollars/ton, achieved by the branch's exportation. In 1980 for instance, the average prices obtained by West European countries for their total exportation of machinery, tooling, and means of transportation, were 4313 dollars/ton for Spain, 8825 for FRG, and 9329 for Sweden. The average price achieved by Romania in 1980 in the exportation of machine construction products, fell below the level of the major West European producers, so that the same quantity of metal exported in the form of machinery and tooling returns 2-3 times less currency income than in the highly industrialized countries.

The essential element that determines this gap, is the difference in the structure of exported products. While a majority (73 percent) of Romania's exportation is composed of products with an average value of 2000-5000 dollars/ton, products with values in the same range represent 4.2 percent of the exportation of machinery, tooling, and means of transportation in FRG, 9.7 percent in England, 9.7 percent in France, and 1.2 percent in Sweden, with higher proportions in Holland (26.7 percent), Italy (36 percent), and Spain (59.4 percent).

At the other extreme, products whose exportation values are above 10,000 dollars/ton represented 3 percent of Romania's exportation of machine construction products in 1980, compared to 11.5 percent for Spain, and 33-47 percent for England, Holland, Sweden, and FRG.

This comparative analysis supports the idea that the continued development of Romania's machinery and tooling exportation, and the increased value of this exportation must be based primarily on structural and technical quality improvements.

The way in which price is determined for machine-tools on international markets differs greatly from one market to another and from one type of machine to another. In essence however, these prices are based on the expenses necessary to produce the given type of machine, which include: expenses for raw and other materials; energy costs; and expenses associated with manpower, packaging, and transportation. International comparisons show first of all that firm steps must be taken to reduce material costs in order to increase product competitiveness. In Romania, manpower costs for parts processing are 8-12 percent lower than those of similar foreign enterprises, while assembly operations require 30-35 percent more manpower due to difficulties in obtaining parts and to cooperation problems. Measures taken to eliminate supply shortcomings, as indicated by the secretary general of the party at the recent Plenary Session of the Central Committee of the RCP, will contribute to higher labor productivity and consequently reduce remuneration expenses and implicitly production costs, thus creating a basis for achieving competitive prices.

It appears from the above, that appropriate technical and organizational measures must be taken, designed to make Romanian products competitive in price on the international market.

Some proposals in this respect will be presented below.

Construction Design

Concern for competitiveness must be demonstrated as early as the formulation of technical-economic studies (for the adoption of new products) and the construction design phase, by regulating these activities after obtaining preliminary approval of applicable documentation and the acknowledgement of specialized agencies.

In principle, the formulation of technical documentation requires first of all the promotion of technical progress, its objectives being to improve technical quality, reduce costs, and increase labor productivity in manufacturing. But despite this, machine construction in general, and the construction of cutting machine-tools in particular, is still faced with reliability problems, while the adoption of outdated technical solutions slows down technical progress. In this respect, research efficiency must step in to solve the basic problem of machine construction while keeping up with the rate of development of technology and science. "Prudence" phenomena are sufficiently frequent in design activities, to the point where they become exaggerated with oversizing and the adoption of costly solutions (but of course, with a lower degree of risk).

The discussions carried out with specialists at Titan ICSIT (Institute for Scientific Research and Technologic Engineering) and IMUAB (Bucharest Machine Tool and Aggregates Enterprise), as well as the studies conducted by these specialists on construction design activities, have led to interesting proposals to improve quality, reduce costs, and thereby increase the competitiveness of exported Romanian machine-tools:

Form joint design collectives composed of Titan ICSIT designers, designers from specialized enterprises, engineers with production experience, and technical personnel from the service network. The concrete task of these collectives would consist of modernizing such mass produced machines (older than seven years), as some types of turret lathes, longitudinal milling machines, and grinders. This modernization should increase by at least 30 percent the precision and reliability of these machines, by incorporating into their construction direct current motors, ballscrews, electronic data displays, numerical control, and so on.

Standardize subassemblies of cutting machine-tools in appropriate stages, and include them in products, as follows: hydraulic installations (coolant and oil pumps), electromechanical and mechanical couplings, assembly parts (rivets, nuts, and so on), standardized parts (reduce sizes), gearboxes and drives, electric and electronic control panels, and connecting cables.

Produce equipment and various subassemblies in specialized enterprises in order to reduce costs and currency expenditures.

Improve the construction of cast parts and replace some of them with welded constructions. Similarly, differences need to be established in the composition of cast iron parts (FC, FCX, FC20, FC30), since some of them are not subject to stresses that require the quality of iron from which they are cast. The delivery price of these various irons can vary by a factor of three or more. Economic efficiency is evident if we consider that a current machine-tool manufactured in Romania consumes an average of about 5 tons per unit product in cast iron parts.

Designs for new, redesigned and modernized mass produced machines should be received by a competent joint commission, who will become responsible for the consequences of accepting projects that result in machines of inadequate quality and performance.

Completely revise and edit machine manuals (documents that accompany products, operating and maintenance instructions for users). This is a particularly urgent requirement considering modifications in machine construction that have occurred since the last versions of technical manuals.

Redesign for exportation, to include numerical control and display, some parallel lathes with inclined beds, turret lathes, flat bed milling machines, and processing centers.

Along with machine-tools of conventional construction, adopt machine-tools capable of being equipped with numerical control, particularly small and medium horizontal boring and milling machines, longitudinal milling machines, and console milling machines.

Adopt small machine-tools for processing by plastic deformation, operated mechanically or even manually. Many users in developing nations, with limited financial and technical resources, are asking for such machines.

Produce machine-tools in several precision classes. This raises the possibility of expanding the line of exported products without changing the catalog nomenclature, while deriving greater value from metals.

Expand the exportation of jig borers, honing machines, and gear grinders. These are produced in small quantities by the other socialist countries, where they could therefore be sold at first, with a second stage introduction into the convertible currency market.

Technical Design

A number of measures whose implementation does not require high costs or investment funds, can be taken to improve the technical design of machine-tools.

Full utilization of numerical control machines available in Romania, as an efficient means to improve product quality, especially in terms of rigorous compliance with parts dimensions. This utilization can be increased by formulating necessary technical programs and preparations (SDV's [expansion unknown], batches of suitable size, technical quality control--CTC).

Includ into technical documentation (technical reference files), CTC standards, test stand operations, life tests, as well as the time (hours/operation) allocated to these operations. On this basis, the operations will be compulsory and will determine the tariff of remunerations for the personnel which performs them (CTC, assemblers, technicians).

Associate the remuneration of partial and final assembly teams, as well as of parts controllers, with the quality of manufactured machines until the end of the guarantee period. Experience with machine-tool manufacturing in Romania and in other countries has shown that no control or final supercontrol can uncover hidden defects which give rise to customer complaints. Similar systems are regularly used by well known machine-tool manufacturers (quality bonuses).

Formulate specifications which will describe in greater detail the special conditions that must be respected in fabricating major parts, in assembly, in unloaded operating tests, in processing tests, and so on, and record the measurements in performance certificates for each machine intended for exportation. This will improve the quality of exported machine-tools and create better conditions for correcting defects observed in use.

Establish in technical documentation, the minimum size of parts in process, so as to assure higher labor productivity, reduce preparation times, and obtain full equipment utilization.

Reanalyze in technical documentation, the SDV's provided to manufacturing sectors, so as to use machines with maximum efficiency and comply with quality specifications in part fabrication.

Establish in technical documentation, the internal transportation of products among production departments, as well as their handling, storage, and packaging, so as to eliminate damages to finely machined parts; decree that these requirements are compulsory and control their implementation in production departments.

Analyze compliance with operation plans for large parts. The formulation of these plans must seek to achieve optimum quality conditions.

Establish in technical documentation, methods and conditions for receiving electronic and electric equipment, hydraulic installations, electromechanical couplings, cast and forged parts, and subassemblies from collective efforts, so as to eliminate quality defects for these important categories of materials and equipment.

Establish in technical files, the measurement and control instruments (AMC) that must be used to verify processing quality and accuracy; introduce modern AMC's, including laser equipped ones. Adoption of these measures in technical design will lead to great improvement in quality, and consequently to higher competitiveness for products.

Standard and Special Accessories and Spare Parts for Machine-Tools

In many cases (grinders for instance), standard accessories represent a rather significant expense, raising delivered costs by 1-2 percent. It would be useful if these standard accessories were not delivered with all machines when customers already have such machines, or when one order covers several machines; in these cases, one set of standard accessories should be delivered with every 3-4 machines, thus reducing the delivered cost. At the same time, this would also increase price competitiveness.

Special accessories for machines are in short supply because of such reasons as: domestic prices are not encouraging; they involve large amounts of manpower; and they are not (physically) standardized in the production plan. As a result the supplier cannot demonstrate (not even theoretically at times) the processing capabilities of the machine. Product competitiveness suffers when special accessories must be backordered (because they are not available from stock). It is estimated that 5 percent of potential exports fail because of the lack of special accessories. This makes it necessary to place in production a sufficient and diversified quantity of special accessories (four times more than at present), so as to offer satisfying amounts for exportation.

Considering that the financial return rate on spare parts is higher than for the machine-tool as a whole, it is useful in the light of present demand, to increase the production of spare parts with a corresponding diversification of delivered products.

Expand the range of special accessories available for machine-tools, thus increasing the universality of the machines and thereby the value of the respective products.

Make available to suppliers all components for subassemblies and the parts that are obtained from collaboration, and complete performance measurements to certify their quality, thus improving the quality of machine-tools.

Reliability and Maintenance

Form joint reliability collectives composed of design personnel from institutes and enterprises, engineering personnel from departments, service sectors, CTC, and from the General State Inspectorate for Product Quality Control, whose task it will be to analyze reliability failures and to take measures for increasing the level of reliability. Together with this, solutions will have to be found for remunerating these joint collectives as a function of concrete results demonstrated by reliability indicators.

Considering that 50 percent of failures are due to control equipment, it is useful to establish concrete redesign and testing actions for this equipment, concurrent with the formation of a separate commission (in addition to existing ones) for receiving it.

The importance of assembly operations in assuring reliability requires a larger number of longer tests, concurrent with the endowment of departments with a higher number of test standards and the compulsory introduction of life tests (whose duration will be established according to the magnitude of reliability indicators) for all delivered machine-tools.

At machine-tool suppliers, organize records for the reliability of delivered products on the basis of information received from customers.

For completed machine-tools, and especially for electronic and electro-mechanical components, compliance with international standards in the field should be considered (in some countries, products produced for exportation and the respective technical and sales documentation are separate from conventional production).

The following could be considered for improved maintenance: construction improvements in machine-tools to provide maintenance facilities in lubrication and cooling installations, gearboxes and drives, and electric cables; install photoengraved labels on machines, with lubrication periods, forms of lubrication, and oil quality; provide effective technical assistance through service networks (in the post-guarantee phase), for efficient repair of machines and elimination of unexpected defects.

To increase machine availability it appears necessary to systematically (and statistically) analyze the causes for machine stoppage, as well as total or partial failures; expand service activities through visits from service teams to machine-tool users (in addition to existing contracts) in order to study the manner in which machines are used as well as new requirements; provide spare parts in various zones for effective availability to users; establish conditions for modernizing and specializing delivered machine-tools to

specific user needs; at machine-tool construction enterprises, establish spare parts production departments and warehouses under separate management and personnel under the jurisdiction of service enterprises; establish a central storage of electrical and hydraulic spare parts (including imported ones) for exported machine-tools.

Encouraging and Developing Machine-Tool Sales

Concentrate market prospecting and organize a sales network in 1984-1985 and the following period, on markets with a high capacity for machine-tools (exporting enterprises in other socialist countries have their own sales companies, warehouses, and service centers in the United States, Canada, Italy, France, FRG, and so on).

Organize technical sales teams on these markets, to carry out sales and establish a sales network. Machine-tool exporting companies in FRG, Czechoslovakia, GDR, Japan, and so on, operate as follows: teams are composed of two sub-teams which work successively on the market and in their country to solve problems at production enterprises, with an overlapping period on the market to transmit ongoing problems). This method has proven to be very effective, assuring efficient solutions to problems and continuity on the market.

Provide credits for foreign promotions (to be reimbursed by MASINIEXPORTIMPORT from sales) necessary for entering the market (telex, telephone, advertising, travel, and so on).

Establish strong exportation services at supplier enterprises, capable of providing complete bids for manufactured machines, as well as monitoring manufacturing, exportation, service, and spare parts activities. At the same time, establish someone in the unit's management staff as responsible for exportation activities, authorized to sign foreign contracts.

Establish at the industrial Central for Machine-Tools (CIMU), a center for advertising and promotion of machine-tool exportation, which will produce technical documentation similar to that of the competition; in addition to one of the production enterprises, establish at CIMU a specialized department for graphics and specialized production of labels, tables, engraved barrels, and so on.

Increase the proportion of CKD and SKD [expansion unknown] machine-tools delivered, in keeping with the growing trend of local assembly in importing countries, especially in developing nations.

Expand production and sales cooperation with other countries, as an important condition for current international promotion of machine-tool exportation.

All these measures generate and require additional efforts and costs, but their economic efficiency after cost recovery fully justifies their undertaking.

Considering this list of proposals as open and susceptible to improvements, acting in a revolutionary spirit according to the valuable indications given by Nicolae Ceausescu at the recent Plenary Session of the Central Committee of the RCP, a more powerful promotion of Romanian exportation of machine-tools will be possible even when confronted with a growing competition on the international market.

11,023

CSO: 2700/185

NEW LASER INSTALLATION FOR DRILLING

Bucharest REVISTA ECONOMICA in Romanian No 13, 30 Mar 84 p 6

[Article by E. C.]

[Text] For the drilling of large diameter (up to 3.2 m) galleries in hard and very hard rocks, specialists at the Design and Research Institute for Oil Equipment (IPCUP) in Ploesti, have made available to the 1 Mai enterprise the designs for this modern installation, named INGO-32. It drills galleries with a cutting shield driven by four alternating current electric motors. The rotation is slowed down by four double planetary reducers through a wide range of speeds between 9 and 1500 rpm.

The shield is provided with 24 roller bits, designed and located so as to cover the entire area to be drilled. After the rock is dislocated by the shield, it is gathered by four rotating perimeter cups which bring it inside the cutting shield, from where it transported by a moving belt through the installation to the gallery transportation system. The cutting shield is pressed against the work front by two propulsion hydraulic cylinders which exert a force of about 400 tf. Their 1200 mm travel also represents the installation's advancing pace. To support the cylinders which press against the work front, the installation is provided with a system of support against the gallery walls, achieved hydraulically by means of props which extend to the walls. The entire installation slides forward using this support system, to which it is attached with a translation coupling which allows it to advance while it takes up the reaction moment of the cutting shield. In order to resume the pressure cycle, the installation is provided with a rear support system.

The INGO-32 installation can also be supplied with auxiliary equipment which drills anchor holes in gallery domes, purifies the air at the work front, seals water out of the gallery floor, transports equipment up to the cutting shield area, and so on. Underground, this installation is practically autonomous, orienting itself with a laser beam which orients it in the desired

direction. Although the installation is operated by a single person, gallery construction technology requires the constant presence of a team of 8-10 people in the work area (mechanics, electricians, miners, and so on). The advancing rate of the installation is 3-4 times higher than that obtained with conventional mining equipment.

11,023

CSO: 2700/185

MEASURES TO INCREASE COAL PRODUCTION

Bucharest REVISTA ECONOMICA in Romanian No 13, 30 Mar 84 pp 5-6

[Article by Cristian Gorie]

[Text] What is being done in the Gorj coal basin so that all the mines will steadily fulfill their plan tasks? Are there any objective shortcomings or local inadequacies in assuring necessary technical and organizational conditions?

This year's plan tasks in coal extraction are much higher than the 1983 achievements, with production expected to reach over 61 million tons for the economy as a whole. Under these conditions it is clearly important for mining enterprises to take the technical and organizational measures needed to create a steady, uninterrupted production. It is only through an exemplary mobilization of all workers, a higher utilization indicator for available technical equipment, both under and above ground, firm discipline in all units, and strict compliance with schedules for starting new production facilities, that it will be possible to assure the successful fulfillment of the plan's provisions. As the secretary general of the party, Nicolae Ceausescu, pointed out at the recent Plenary Session of the Central Committee of the RCP, "we must continue to place the highest priority on completing the energy and raw materials program. We must act most decisively to fulfill the production of coal, ores, oil, and all other raw materials for this year."

What actions are being taken in the Gorj mining basin, an area from which nearly 42 million tons of coal must be extracted during this year, to fulfill the plan's tasks? What is being done at the two large mining combines in that area--Motru and Rovinari--to efficiently use human, technical, and material factors, and to provide the quantity of coal expected to be delivered to the national economy?

Having to achieve during this year a production that represents over 60 percent of the country's total coal production, the Motru and Rovinari mining combines (CM) and their enterprises have taken early action, beginning last year, to create the conditions necessary for steady completion of the plan's provisions. A number of measures were taken to assure work fronts both

above and under ground, to improve production and labor organization, to raise the quality of extracted coal, and to make better use of available technical equipment. It did not take long for the results to become apparent: in January for instance, the Motru CM reported an overproduction of 7400 tons of lignite, while the Rovinari CM exceeded the plan's provisions for coal caloric power by 47 kcal/kg in January and by 27 kcal/kg in February. Good results were also obtained in investments, with both combines making serious efforts and succeeding to fulfill and even surpass the plan, thus creating premises for greater production capabilities and therefore for higher coal production.

These achievements are important, but a serious difference still exists between the plan's provisions and the quantity of coal extracted and delivered. Why?

The major local inadequacies to be pointed out are the insufficient organization of pits and micropits due to ill timed preparation of exploitation fronts, delays in placing equipment in operation, and low utilization indicator for available mechanized equipment. These are not new shortcomings. Although they are much fewer than in the past, they have persisted. The fact is that where production activities have been best organized, daily results have also been better (exploitations at Girală, Lupoia, Urdari, Rogojelu, Jilt-Sud, and so on). If all the installations had acted similarly, the results would have generally been much better than they are.

There have of course, also arisen such situations as abundant rain during this period of the year, which has particularly affected activities in pits and micropits; some suppliers of tooling, spare parts, and materials (Borsa, Timisoara, Unio, and Satu-Mare mechanical enterprises, Giurgiu Enterprise for Metal Construction and Heavy Equipment, Pitesti and Tirgu Jiu enterprises for technical rubber parts) which did not fully meet their obligations; and so on. These types of situations could have largely been foreseen. For instance, if measures had been taken to provide adequate drainage and water removal facilities when the pits and micropits were prepared for production (it being known that exploitations can be flooded not only by rains, but also by springs at various strata and various depths), the activity could have been carried out normally without down times. Early action could also have been taken to have suppliers respect their obligations; examples show that when orders are placed early enough, when direct contracts are written between interested parties, tooling or spare parts arrive in time. The existing shortcomings therefore indicate insufficient preparation and organization of activities in the management of installations.

Based on thorough analyses of the shortcomings found in production activities, the managements of the two combines--in the light of the indications provided by the documents of the recent Plenary Session of the Central Committee of the RCP--have adopted concrete measures as a function of the situations existing at each exploitation. What do these measures include?

The programs formulated for both combines attempt to increase the hourly yield of rotary excavators, which is the major technical equipment in pit exploitations, and whose operation exclusively determines the amount of extracted coal. In this respect, actions have been taken to: achieve and maintain optimum dimensions for excavation blocks, taking into consideration the operating specifications of excavators; reduce unloaded operation of rotors at block extremities; superimpose displacement and rotation commands at block extremities; maintain optimum cut thickness in accordance with instructions in the excavator technical manual; and so on. At the Motru CM alone, such actions are expected to increase hourly productivity by more than 50 excavated cubic meters per hour, which will implicitly lead to an appreciable production increase.

Particular attention is being devoted to reducing the inactive time of mechanized cutting machines, together with creating new work fronts, so as to reduce to a minimum the number of inactive or standby machines. To this end, action is being taken to reactivate them--disassembly, transportation to new work fronts, reassembly--seeking to reduce the duration of execution in parallel with performing necessary repairs. All inactive mechanized machines have been inventoried, their condition has been determined for needed repairs, and specialized work teams have been organized and complemented with necessary personnel.

An important activity which seriously determines the proper operation of equipment in mining enterprises, is the maintenance and repair of equipment. In order to achieve high quality repairs in the shortest possible time, actions have been taken to assure in time necessary spare parts, materials, tools, and SVD's [expansion unknown], to organize the work in two or even three shifts, to comply with the plan's repair provisions, and especially, to perform all operations. For underground work, similar measures were taken to strengthen technical support for shifts by completing and increasing the personnel assigned to this activity, so as to assure not only proper operation for equipment, but also better organization at cutting walls. At the Motru CM alone for instance, these steps will increase the cutting rate by 0.5 m/day, the productivity of cutting machines by 11 t/h, and the rate of advance in galleries by 0.5 m/day. Particularly important for the proper operation of processing lines is the maintenance and repair of moving belts. The measures taken in this area are primarily aimed at preventing rips in rubber belts due to poor utilization, and especially, to foreign bodies in the coal.

A significant factor in achieving the plan's tasks, is to gain more knowledge about coal reserves and the rock strata that have to be removed or crossed. To this end, conditions have been readied to perform exploratory drillings ahead of work fronts into coal strata in pits, and ahead of walls opened and prepared in mines. Having thus learned about the characteristics of the strata, it becomes possible to adopt the most efficient extraction technology, organize activities, and initiate in time actions for extracting high quality coal. A significant contribution in this respect remains to be made by institutes and specialized units, which in collaboration with specialists in the two combines will provide full information about geologic conditions at the time new pits and mines are opened.

Shorter execution times for digging and waste removal lead directly to earlier exploitations of actual coal strata. Similarly, coal quality depends in a large measure on the quality of these operations. With these in mind, the units of the Motru and Rovinari CM's are seeking to perform excavations without grade separations, prepare sites before digging begins by leveling with bulldozers, making maximum use of possibilities for direct hauling of waste from the last working level, as well as expanding direct hauling of waste from several excavation levels in pits.

Concrete measures have also been taken to hasten the assembly of new machinery and tooling; hasten the start of remaining capabilities (opening and exploiting the Pestana-Jiu pit--including the diversion of the Jiu River--the Tehomir mine, the deposit in the Cojmanesti area, and the Amaradia-Albeni mining field); provide the conditions necessary for starting the facilities planned for this year, but whose operations are delayed (opening and starting exploitation at the Rosia Jiu pit, the lignite deposit in the Jilt-Sud basin, and the Rosiuta pit); and open new micropits.

Particular attention is devoted to providing qualified manpower and increasing the qualification level of existing personnel. Perhaps more than anywhere else, the manner in which the human factor is used in mining enterprises contributes decisively to the fulfillment of objectives established in the plan. Along with social measures, actions are formulated to recruit and qualify hundreds of miners, together with improving the professional training of thousands of miners, electricians, mine mechanics, and other underground workers.

The extensive actions and measures that have been initiated can offer a guarantee that the plan will be fulfilled for coal extraction by each separate enterprise in the Gorj mining basin. This year, when our entire nation celebrates the 40th anniversary of the great victory of August 1944, the miners are determined to spare no effort to provide the national economy with larger quantities of coal, thereby contributing to a more rapid development of the country's energy and raw materials foundations.

11,023

CSO: 2700/185

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